



of Companies

36st Annual Report 2020

UMER GROUP OF COMPANIES

FAISAL SPINNING MILLS LIMITED

Vision

*A company providing quality textile
products and maintaining
an excellent level of ethical and
professional standards*



Mission Statement

*To become a leader of textile products
in the local and
international markets
and to achieve
the highest level of success*



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CORPORATE INFORMATION

Board of Directors	Mr. Mohammad Salim	Non-Executive Director / Chairman
	Mr. Muhammad Shaheen	Non-Executive Director
	Mr. Hamza Shakeel	Non-Executive Director
	Mr. Khurram Salim	Non-Executive Director
	Mr. Bilal Sharif	Executive Director
	Mr. Muhammad Amin	Non-Executive Director
	Mrs. Fatima Amin	Non-Executive Director
	Mr. Iqbal Mehboob	Independent Director
	Mr. Asif Elahi	Independent Director
	Mr. Mustafa Tanvir	Independent Director
Chief Financial Officer	Mr. Anwar Hussain	FCA
Company Secretary	Mr. Adeel-ur-Rehman	MBA (Finance)
Audit Committee	Mr. Iqbal Mehboob	Chairman
	Mr. Muhammad Amin	Member
	Mr. Khurram Salim	Member
Human Resource Committee	Mr. Iqbal Mehboob	Chairman
	Mr. Muhammad Shaheen	Member
	Mr. Hamza Shakeel	Member
Auditors	M/s Mushatq and Company Chartered Accountants 407, Commerce Centre, Hasrat Mohani Road, Karachi.	
Legal Advisor	Shahid Pervaiz Jami	
Bankers	Bank Alfalah Limited Dubai Islamic Bank Faysal Bank Ltd Habib Bank Limited MCB Bank Limited Meezan Bank Limited Samba Bank Limited United Bank Limited Bank Islami Pakistan Ltd Bank Al Habib Limited Habib Metropolitan Bank Ltd	
Share Registrar	Hameed Majeed Associated (Private) Limited 5th Floor Karachi Chamber, Karachi.	
Registered Office	Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, Pakistan Tel : 021 35115177 - 80 ; Fax: 021 -35063002-3 Email: khioff@umergroup.com Website: http://www.umergroup.com	
Liaison / Correspondence Office	9th Floor, City Towers, 6-K, Main Boulevard Gulberg - II, Lahore, Pakistan Tel : 042 111 130 130 ; Fax: 042 -35770015 Email: lhroff@umergroup.com Website: http://www.umergroup.com	
Mills	Unit I is situated at: A-150, S.I.T.E. Nooriabad. Tel: (+92-0222) 660-002 Weaving Unit situated at: Ferozwattwan, Sheikhpura, Punjab. Tel: 056 3731723 Finishing Unit situated at: 1.7 KM ,Warburton Road , Ferozwattwan , Sheikhpura, Punjab.	



FAISAL SPINNING MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 36th Annual General Meeting of the members of **Faisal Spinning Mills Limited** will be held on Tuesday, 27th October 2020 at 11:30 AM., at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Annual General Meeting held on 26th October 2019.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2020 together with the Auditors' and Directors' Report thereon.
3. To appoint the auditors for the next term i.e. year 2020-2021 and fix their remuneration. The retiring auditor M/S Mushtaq and Company, Chartered Accountants, being eligible, offer themselves for reappointment.
4. To transact any other business with the permission of the chairman.

(By the order of the Board)

Karachi:

Dated: 29th September 2020

Adeel-ur-Rehman Ansari
Company Secretary

Notes:

1. For attending meeting electronically due to COVID 19 Pandemic

In pursuance of circular 5 & 25 of 2020 issued by SECP to facilitate the shareholder(s) for attending the Annual General Meeting (AGM) of the company electronically through video link facility, "Zoom" which is available on Google Play or Apple App Store. The entitled member(s) are requested to get themselves registered at least 2 working days before holding of the time of AGM at fsm.corporate@umergroup.com by providing the details on the following format:

Name of Shareholder	CNIC No.	Folio No.	Cell No.	Email Address

The company will send login details to the members email address for participation in AGM proceedings either through their smart phones or computer devices.

The login facility will be opened (30) thirty minutes prior to the schedule of meeting for verification process.

Members are encouraged to participate virtually due to prevailing pandemic situation.

2. The Shares Transfer Books of the Company will remain closed from 19th October 2020 to 27th October, 2020 (both days inclusive). Transfers received in order at the registered office of the company situated at Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi by 18th October 2020 will be treated in time for the purpose of entitlement to attend the Annual General Meeting of the company.



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NOTICE OF ANNUAL GENERAL MEETING

3. Members are requested to attend in person along with Computerized National Identity Card (“CNIC”) or appoint some other member as proxy and send their proxy duly witnessed so as to reach the registered office of the company not later than 48 hours before the time of holding the meeting.
4. Pursuant to section 132(2) of Companies Act, 2017 the company shall facilitate its members to attend the annual general meeting through video-link by providing video-conference facility, if available, in the city where 10% or more shareholders of the company reside, provided that the Company receives their demand to participate in annual general meeting through video-link at least seven (07) days prior to the date of meeting.

In this regard, it is requested to fill the following Form and submit at the registered address of the Company at least 10 days before holding of the Annual General Meeting:

“I/We, _____ being a member of Faisal Spinning Mills Limited, holder of _____ ordinary shares vide folio _____ hereby opt for video conference facility at _____.”

Signature of Member

5. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport, Account and participant's I.D. numbers, to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose. The account/ sub account holders of CDC will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan.
6. In compliance of SRO 1013(1)/2017 dated 6th September, 2017 the claimant wise details of unclaimed shares, dividend or modarba certificates as on June 30, 2020 have been uploaded on our website: www.umergroup.com. In this regard, the said shareholders are requested to approach the Company Registered Office or Share Registrar Office with regard to any unclaimed dividend, shares or modarba certificates.
7. Members are requested to immediately inform of any change in their addresses and bank details to our share Registrar, Hameed Majeed Associates (Private) Limited.
8. Pursuant to Notification vide SRO 787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.umergroup.com. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 2MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.
9. E-Voting, members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.
10. Due to prevailing pandemic situation members are requested to adhere the following SOP's for their own safety during the meeting;
 - i) Wear the mask appropriately during the entire meeting.
 - ii) Maintain the social distancing during the entire meeting.
 - iii) Follow the seating arrangement as per social distancing norms in the meeting area.
 - iv) Children should not accompany members.
 - v) Members with even mild cough or low-grade fever are prohibited to attend the meeting.

CHAIRMAN REVIEW REPORT

As required under section 192(4) of Companies Act 2017 attached herewith a review report for the year ended June 30, 2020 by the chairman on overall performance and effectiveness of the board of **Faisal Spinning Mills Limited** (Board) in achieving its objectives.

The prevailing pandemic situations is wreaking havoc globally as the economic damage is mounting with an unprecedented speed and severity across the world however, I acknowledged the utmost efforts of the Board which steered the company in these challenging times.

The Board constantly assessed and revisited their existing strategies to maintain corporate sustainability required during the pandemic and after the recovery period to stay ahead of competitors.

The company understands that employees are the key pillars of growth that will propel the organization way ahead and the Board has taken considerable measures to minimize the impact of pandemic situation on its employees.


The duties and responsibilities assigned by the chairman have been diligently performed by the members of the Board by taking into account the provision and directives issued under Companies Act 2017(Act), Code of Corporate Governance 2019 (Code), Securities and Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange (PSX).

On the governance side, performance of our Board members remained exceptional throughout the year as the company follows high corporate governance standards that assist in attaining company's objectives and meeting the expectation of our stakeholders. The company has an independent internal audit function which believes in a risk-based audit methodology and the internal audit reports were duly presented to the Board on quarterly basis. The Board and Audit Committee meets at every quarter before circulation of accounts where board and committee members participate quite proactively. Of the ten members of the Board, the nine directors are accredited under the requirements of the Code for directors training program (DTP).

The Board strictly adhered to the guidelines issued by the corporate regulators while conducting, the general and board meeting, publications of notices, circulation of minutes, declaration and disbursement of the dividends. During the current year, the Board has carried out the self-evaluation for itself, members and committees and the areas identified for further improvements in line with best global practices.

As each stakeholder group requires a tailored engagement approach to foster effective communication the Board has established effective communication vehicles for regular engagement with both internal and external stakeholders which is a core element of our success. There has been effective and expeditious mechanism in place for redressal in case of any grievance of its shareholders.

Karachi:
Date: 29th September 2020


Mohammad Salim
(Chairman)

Directors Report

We, the Board of Directors' of Faisal Spinning Mills Limited are pleased to present annual report on audited financial statements of company together with auditors' report thereon for the year ended June 30, 2020.

Financial Results

The Operational results are here as under:

	2020 Rupees	2019 Rupees
Sales	14,895,550,333	14,028,566,145
Cost of sales	13,485,266,980	12,144,528,218
Gross profit	1,410,283,353	1,884,037,927
Other income	46,257,142	30,479,561
Add: Share of profit from associated undertaking	78,625,942	117,478,502
Less: Selling, Admin, Finan & Other Expenses	844,791,186	929,623,922
Less: Profit before taxation	690,375,251	1,102,372,068
Taxation		
Current year	172,799,457	171,415,830
Prior year	-	(430,012)
Deferred	(6,303,327)	12,886,399
	166,496,130	183,872,217
Profit after taxation	523,879,121	918,499,851
Basic and diluted earnings per share	52.39	91.85

Financial Performance

During the year ended June 30, 2020 the company achieved sales of PKR 14,895.550 million as compared to PKR 14,028.566 million in the corresponding year of the same period showing an increase of sales by 6.18%.

The company earns a profit after tax amounting to PKR 523.879 million during the year ended 30 June, 2020 (2019: PKR 918.500 million).

Dividends and Reserves Appropriation

The company has paid interim dividend for the half year ended December 31, 2020 at 150.00% (PKR 15.00 per share) in addition to the annual dividend of 185.00% (PKR 18.50 per share) for the preceding year ended June 30, 2019.

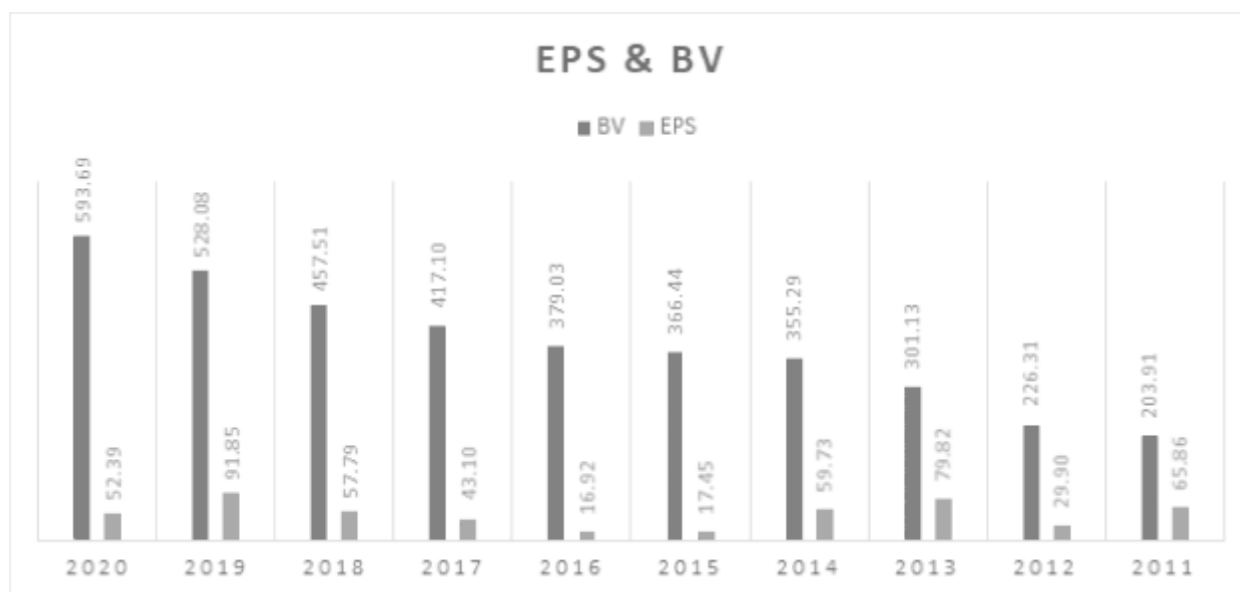
As the pandemic situation is not over yet and in the best interest of the company the board of directors have agreed that declaring dividends shall be refrained for the current year. In this context on recommended by the audit committee, the board of directors have decided that no dividend shall be declared for the current year ended June 30, 2020.

Besides, the company has availed the deferment of principal for long term loans and refinancing scheme for payment employees' salaries offered by SBP to minimize the financial impact of Covid19 which also restricts the payment of dividends for 2020 and 2021.

Moreover, the directors proposed to transfer an amount of PKR 400.00 million to the general reserve to meet any unforeseen contingencies in future.

Earning and Break-up Value of Share

The company has exhibited its firm commitment towards shareholders though earnings per share has been decreased from PKR 91.85 to 52.39 but the breakup value of share is increased from PKR 528.08 in the year 2019 to PKR 593.69 in the current year ended June 30, 2020.



Cash Flow Strategy

Management strategy is designed to monitor and utilize the components of working capital in the utmost financially efficient manner to assure that company maintains sufficient cash flow to meet its short-term obligations that simultaneously generates the maximum benefit to the shareholders of the company.

Though the current ratio during the current year has been declined from 2.40 to 1.70 but still depicts stark indication of the financial soundness of the company and considered highly satisfactory in company's ability to pay its current obligation.

During the current year the company paid PKR 169.815 million (2019: 160.308 million) in the national exchequer towards income tax and PKR 239.393 million (2019: 296.046) for debt service of the company. Moreover, an amount of PKR 331.345 million has been paid during the current year towards final and interim cash dividend during the period 2019-2020 by the company.

Financial Leverage

The company manages its capital structure with the combination of equity and debt in way that will maximize the value to the shareholders.

The long-term borrowing stands at PKR 4,073.591 million on June 30, 2020 as compared to corresponding period where it stood at PKR 1,478.484 million, the increase mainly pertains to borrowings for new finishing plant.

The shareholder equity has been increased by 12.42% during the corresponding year ended June 30, 2020 showing an increased from PKR 5,280.827 million to PKR 5,936.890 million during the corresponding periods under review.

Balancing, Modernization and Replacement

During the year the company has incurred an amount of PKR 259.085 million approximately towards BMR for modernization the plant and machinery, building and equipment, in order to cope up with the technological advancement around the globe. Apart from the above an amount PKR 3,038.959 million has been paid towards property, plant and equipment for new finishing unit.



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Credit Rating

The final rating of A/A 1 (Single A/A-One) has been assigned to the company by the rating company Messer's VIS on April 22, 2020. The assigned ratings have been placed on "Rating Watch-Developing" status.

Financial Statements

As required under Companies Act 2017, listing regulations of PSX and directives issued by the SECP the Chief Executive Officer and Chief Financial Officer presented the financial statements of the company for the year ended June 30, 2020, duly endorsed under their respective signatures for consideration, approval and authorization by the board of directors for issuance and circulation.

The financial statements of the company have been duly audited by the auditors of the company, Mushtaq & Company, Chartered Accountants and the auditors have issued clean audit report on the financial statements for the year ended 30th June 2020 and clean review report on Statement of Code of Corporate Governance Regulations, 2019 "Code". These reports are attached with the financial statements.

Accounting Standards

The accounting policies of the Company fully reflect the requirements of the Companies Act, 2017 and such approved International Accounting Standards and International Financial Reporting Standards as have been notified under this Act as well as through directives issued by the Securities and Exchange Commission of Pakistan.

Outlook of Textile Industry in Pakistan

Pakistan is the fifth-largest cotton producer in the world and cotton products account for more than 50 per cent of the foreign exchange earnings of the country. However, the quality of cottonseed is comparatively overlooked as fibre yield and quality of cotton production are not considered though these are of prime importance to fetch high prices in the market.

Pakistan was short of more than six million bales from the target for the 2019-20 crop which is equal to a financial loss of \$6 billion approximately. The area under cultivation has fallen by 12pc in the last five years. During 2019-20, an area of 2.5m hectares was cultivated against the target of 2.9m hectares with the hope of production of 12.72m bales in the coming season. The farmers are replacing area under cotton cultivation with other crops for better incentives, especially in Punjab which contributes 65pc of the total cotton area.

On the other hand, the quality of seeds creates a pathway towards a high yield but the unavailability of good quality cottonseed is the prime reason for poor germination and crop stand failure. Farmers have used high seed rate almost more than 10kg per acre of poor-quality seed which only increases their input cost while low plant population is recorded in the fields. Most of the seed companies have sold out their previously stored cottonseed this season as these companies have no proper infrastructure for cottonseed storage.

The delayed sowing due to rains, particularly in March, and the locust attack in May 2020 also affected the cotton crop.

Presently, the farmers use Bt cotton (GMO) which is genetically modified pest resistant plant cotton variety, that produces an insecticide to combat bollworm. However, the Bt cotton mostly cultivated across the country, is based on outdated first-generation Bt technology against which insects have developed resistance. The enormous application of old, ineffective, and in some cases adulterated, pesticides on Bt cotton has induced resistance in insects and destroyed the population of eco-friendly insects at a large scale. The frequent use of pesticides has increased the cost of production of cotton which is unaffordable for farmers.

In our opinion we must take measure to introduce the next generation Bt technology along with other genetically resistant resources the way advanced countries have already introduced third-generation products to save the cotton seed industry. Besides, the high temperature is also the reasons for the low yield of the cotton crop thus there should be a paradigm shift in cotton breeding strategy to develop more climate-resilient varieties. Another solution is to switch from genetically manipulated cotton varieties (GMO) like Bt cotton to organic cotton that is less susceptible to pests, improves yields and is prone to fetch a better market price and acceptance internationally.

The government should take steps for promotion of cotton yield, in consultation with farmers and relevant authorities along with the share of cotton crop in overall produce of the country as cotton crop played an important role in national economy. The apathy towards cotton cultivation not only resulted in gradual decline in production and discouraged farmers but also affected the textile industry and exports.

An immediate action is required to resort towards foreign expertise and experience to modernize our agricultural sector based on latest development from the globe.

Finally, we need to focus and invest more in agricultural research in order to increase the cotton yield which is an essential foundation of the country's economy.

Finishing Unit

By the grace of Almighty Allah more than 95% of machinery has been arrived against the established letter of credits. Unfortunately, the outbreak of COVID 19 pandemic across the globe and flight suspension temporarily hampered the erecting process of plant and machinery. However, at present the erection of plant and machinery is in full swing and we are expecting to commence our commercial production by January 2021.

Since the grant of GSP Plus in 2014, Pakistan's exports to the European Union have enhanced from 4.538 billion euros in 2013 to 7.492 billion euros in 2019, registering an increase of 65 percent and recently European Commission has extended GSP Plus status till 2022 which means Pakistan will continue to enjoy preferences under GSP Plus on its exports to EU countries.

Besides, the coronavirus pandemic is lessened down in Pakistan whereas it continues to spread unabated in India and Bangladesh, the garment orders from international markets are rapidly shifting towards Pakistan.

Being a part of our finishing unit project, we have also installed around 200 high speed precision stitching machines at the premises that can be extendable upto 600 machines as we're hoping growth in context of recent extension of the GSP+ status.

Compliance with Code of Corporate Governance

The Statement of Compliance with the Code of Corporate Governance is annexed.

Statement on Corporate and Financial Reporting Framework

The Directors of your company are aware of their responsibilities under Companies Act 2017, Regulations under Code Corporate Governance Regulations 2019 "Code", Rule Book of the Pakistan Stock Exchange Limited and directives issued by Securities & Exchange Commission of Pakistan. As a part of the compliance to the regulators we confirm the following:

- These financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control was sound in design and has been effectively implemented and monitored.
- There were no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- We have prepared and circulated a Code of Conduct and business strategy among directors and employees.
- The Board of Directors has adopted a vision and mission statement and a statement of overall corporate strategy.
- All the directors have attended its general meeting unless preclude due to reasonable reason.
- All the directors are assigned with their responsibilities, roles, remuneration, powers and obligation at the commencement of their terms in accordance with Code of Corporate Governance, Companies Act and Article of Association.
- Except one all the directors of the company are accredited / exempted under Directors Training Program (DTP) as required by the Code of Corporate Governance Regulations, 2019.
- There has been a proper updated record of the significant policies duly approved by the board of directors on human resource, whistle blower, procurement, communication mechanism with stakeholders, environment, health and safety, director's remuneration, anti-money laundering and risk management etc.

- As required by the Code of Corporate Governance and Companies Act 2017, we have included the following information in this report:
 - o Statement of pattern of shareholding has been given separately.
 - o Statement of shares held by associated undertakings and related persons.
 - o Statement of the board meetings and annual general meeting held during the year and attendance by each director has been given separately.
 - o Chairman review report under the provisions of section 192(4) of the Companies Act.
 - o Statement of compliance duly signed by the chairman under regulation 36 of the Code.
- Key operating and financial statistics for last six years. Information about taxes and levies had been adequately disclosed in the annexed audited financial statements.
- The company strictly follow the guidelines issued by SECP on prohibition of insider trading for listed companies and no trading in the Company's shares was carried by its Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children except as disclosed in pattern of shareholding.

Pattern of Shareholding

The pattern of shareholding and additional information regarding pattern of shareholding is attached separately.

Related Party

There is a robust policy in place for all related party transactions (RPT) in pursuant to the notification issued by Securities and Exchange Commission of Pakistan vide SRO 768(1)2018 and the guidelines have been duly incorporated in the company policy with regard to transactions and maintenance of records.

Board Evaluation

The company has opted to conduct evaluation process of the board internally in compliance of the regulation 10(3)(v) of Code for assessing the board performance, members of the board and its committee members.

A comprehensive review has been carried out entailing statutory documents, the minutes of board and committee meetings, policies currently in place and other ancillary documents, questionnaires, interactions with the board and committee members.

Board Composition

A casual vacancy aroused during the year which was duly filled by the directors in their meeting held on February 26, 2020 under the provisions of section 155(3) of the Companies Act, 2017.

Mrs. Fatima Amin has been appointed as a non-executive director in place of outgoing non-executive director Mrs. Mariam Adi to fill the casual vacancy.

As required under regulation 34 of Code the board of ten (10) directors is comprised as follows;

Sr No	Category	Gender		Total
		Male	Female	
(i)	Independent Directors	3	0	3
(ii)	Executive Director	1	0	1
(ii)	Non- Executive Directors	5	1	6



Board and Audit Committee Meetings

- All the directors, eligible to attend the meeting have attended the general meetings of the company in person or through video conference under Regulation 10(6) of the Code unless precluded from doing so due to any reasonable.
- Following are the number of meeting held and attended by board of directors, audit committee and human resource & remuneration committee during 2019-20:

Name of Directors	Board of Directors		Committees			
			Audit		Human Resource and Remuneration	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr. Mohammad Salim	4	4	-	-	-	-
Mr. Mohammad Shaheen	4	4	-	-	1	1
Mr. Khurram Salim	4	4	6	6	-	-
Mr. Bilal Sharif	4	4	-	-	-	-
Mr. Mohammad Amin	4	4	6	6	-	-
Mr. Hamza Shakeel	4	4	-	-	1	1
Mr. Iqbal Mehboob	4	4	6	6	1	1
Mr. Asif Elahi	4	4				
Mr. Mustafa Tanvir	4	4				
Mrs. Fatima Amin	2	2				
Mrs. Mariam Adil	2	2				

Audit Committee

Sr	Name	Designation	Category
i	Khurram Salim	Member	Non- Executive Director
ii	Muhammad Amin	Member	Non- Executive Director
iii	Iqbal Mehboob	Chairman	Independent Director

The audit committee comprises of three members of which chairman is an independent director whereas all the other are non-executive directors and discharge its responsibilities under terms of reference assigned by the board of directors.

The appointment of financial literate member has been made in line with Regulation 27(1)(iii) in the Chapter X of the Code.

The meetings of audit committee were held at regular intervals in compliance with the Regulation 27(2) of the Code to review the both interim and annual financial statements before the approval of board of directors along with an additional meeting once a year with an external auditor without the CFO and other with an internal auditor without the presence of the CFO and external auditor.

An audit committee is one of the major operating committees of a company's board of directors that is in charge of overseeing financial reporting and disclosures, assuring that company assets are appropriately safeguarded, validating interim and annual financial statements, approving related party transactions, reviewing management letter, ensuring effectiveness of internal controls, investigating and reporting on fraudulent activities, monitoring of accounting policies, oversight of any external auditors, regulatory compliance and the discussion of risk management policies with management.

Audit committees maintain communication with the company's chief financial officer (CFO) and head of internal audit. The committee also has the authority to initiate special investigations in cases where it is determined that accounting practices are problematic or suspected and an internal auditor assists the committee in such efforts.

Human Resource and Remuneration Committee

Sr	Name	Designation	Category
i	Iqbal Mehboob	Chairman	Independent Director
ii	Mohammad Shaheen	Member	Non- Executive Director
iii	Hamza Shakeel	Member	Non- Executive Director

The human resource and remuneration committee (HRRC) is comprised of three members of which all are non-executive directors whereas chairman is an independent director. The HRRC review compliance with any legislative guidelines relating to compensation and benefits, review compliance with employment, labor and human rights legislation.

The HRRC on behalf of the Board of Directors oversee and administer the company's human resource policies, plans, and procedures, review, approve, or recommend for Board approval, decisions relating to the fair and competitive compensation of executives, directors, committee members and other key personnel.

Corporate Social Responsibility Policy

The company comprehend its duty towards society beyond their economic obligations to owners or stockholders and also beyond those prescribed by law or contract. It is deeply concerned about outside groups affected by their activities and proper consideration has been given for environmental protection at every stage of production from procurement of raw materials to manufacturing technology and disposal wastes.

Confronted with the pandemic situation, the company has been quite responsive in philanthropic donations to those who were in dire need of assistance. Moreover, there has been establish programs that help employees balance the demands of work and personal life and be more satisfied and productive on the job which eventually led to reduces turnover, enhance employee morale.

The company ensures to maintain natural environment by following best practices for waste disposal, recycling, energy conservation and utilizing environmentally-friendly technologies and arranging reforestation excursions at regular intervals to create awareness.

Health, Safety and Environment Policy

Since the outbreak of COVID 19 and the rapid spread of the virus has sparked alarm worldwide and Pakistan is not an exception to this pandemic situation. The company is strongly committed towards health and safety of employees and strictly adhere to the guidelines issued by the government and WHO to minimize the impact of virus.

During these difficult times, the company ensured best safety measure for its employees by allowing them to work from home, arranging disinfection of premises at regular intervals, conducting free testing of virus for employees, allowing leave with pay for those infected with virus, permitting flexible and shorten working hours, providing face-masks and proper sanitization at work place.

One of the many challenges during the pandemic is to ensure continuity of day to day activities with appropriate decision making in compliance of the law and other regulatory frameworks. In this regard the company fully utilized the facilities available through of video meeting platforms and apps.

The company's health, safety and environment policy statement demonstrate a pleasant and workable environment by making every possible effort to remove or reduce the risks to the health, safety of all workers, contractors and visitors, and anyone else in the testing times of pandemic situation.

Directors Remuneration Policy

The feature of executive director's remuneration policy is prepared and recommended by human resource and remuneration committee (HRRC) to the board subject to the provisions of the Companies Act 2017, Companies' Article of Association and Code of Corporate Governance Regulations, 2019.

The remuneration of the executive directors is determined by considering the market competitiveness which is identical in akin companies, whilst also considering level of competencies, experience, scope of the board assignments and yearly meetings.

The executive directors entitled for the fixed monthly remuneration and other perquisites recommended by HRRC which were duly approved by the board and followed by the approval of members in general meeting of the company:

Mr. Bilal Sharif - CEO

Monthly remuneration of PKR 800,000.00.

Company maintained vehicle with fuel and repairs expense of PKR 800,000.00 per annum.

Mobile phone for personal and office use amounting to PKR 125,000.00 per annum.

Business travelling expense on actual basis.

No fee or remuneration has been paid either to non-executive or independent directors.

Statutory Auditors

The present auditor's M/s Mushtaq & Company, Chartered Accountants shall retire on the conclusion of the annual general meeting scheduled for October 27, 2020 however, being eligible they have offered themselves for re-appointment. The audit committee has suggested the appointment of M/s Mushtaq & Company, Chartered Accountants, as external auditor for the year ended 30th June 2021. The external auditor M/s Mushtaq & Company, Chartered Accountants have been given satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan. The firm and all its partner are in compliance with the International Federation of Accountants' Guidelines on the Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan and they are registered with Audit Oversight Board under section 361 of SECP Act, 1997.

The statutory auditors neither performed any of the decision making, internal audit or management functions nor they have any sort of relationship with any directors or executives of the company. The engagement partners were rotated after completion of every five years.

The Board of Directors also recommended the appointment of M/s Mushtaq & Company, Chartered Accountants, as external auditor for the year ended 30th June 2021 and the remuneration of the auditors has been fixed at PKR 1,953,000.00 for the year 2020-21 as recommended by the audit committee to the board under regulation 32(3) of the Code. The assignments include statutory audit, half yearly review and code of corporate governance review.

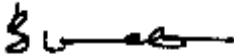
Material Changes and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of financial year of the Company to which the balance sheet relates and the date of report of directors' report.

Acknowledgement

I am highly indebted to Board of Directors, valued shareholders, customers, bankers, suppliers and other stakeholders for their support, trust and confidence. I also appreciate to all employees for their loyalty dedication and hard work which enabled the Company to achieve its objectives.

For and on behalf of the Board



Bilal Sharif
Chief Executive

Karachi: September 29, 2020



Muhammad Salim
Director

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

The statement is being presented to comply with the requirement of regulation 36(1) contained in Code of Corporate Governance Regulations, 2019 for the purpose of establishing a framework of good corporate governance, whereby a company quoted at Pakistan Stock Exchange Limited is managed in compliance with best practices of corporate governance.

Faisal Spinning Mills Limited
Year Ending June 30, 2020

The company has complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are ten (10) as per the following,-
 - a. Male : Nine (9)
 - b. Female : One(1)
2. The composition of the Board is as follows:

Sr	Category	Name
i)	Independent Directors (*)	Mr. Iqbal Mehboob Mr. Asif Elahi Mr. Mustafa Tanvir
iii)	Non- Executive Directors	Mr. Muhammad Salim Mr. Muhammad Shaheen Mr. Khurram Salim Mr. Muhammad Amin Mr. Hamza Shakeel
ii)	Executive Directors	Mr. Bilal Sharif
iv)	Female director	Mrs. Fatima Amin

(*) Explanation required under Regulation 6(1) of Code:

While calculating the minimum number of ID directors the fraction was not rounded upwards to 1. The reason being that as per general rule only number exceeding 0.5 shall be rounded to next number.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training program for the following:
Except Mrs. Fatima Amin who was appointed to fill casual vacancy, the entire board of ten members are accredited under directors training program. She has been appointed on February 26, 2020 her certification will be arranged once pandemic situation is over and training sessions will be resumed. Moreover, under regulation 19(2) of the Code, the newly elected director may complete the DTP certification within one year of appointment.
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below.-

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

(a) Audit Committee

Name	Designation
Mr. Iqbal Mehboob	Chairman - Independent Director
Mr. Khurram Salim	Member - Non- Executive Director
Mr. Muhammad Amin	Member - Non- Executive Director

(b) Human Resource & Remuneration Committee

Name	Designation
Mr. Iqbal Mehboob	Chairman - Independent Director
Mr. Muhammad Shaheen	Member - Non- Executive Director
Mr. Hamza Shakeel	Member - Non- Executive Director

(c) Nomination Committee (N/A)

Explanation

As the formation of Nomination Committee (NC) is not mandatory under regulation 29 of the Code, the functions and responsibilities of NC are performed by the Human Resources & Remuneration Committee.

(d) Risk Management Committee (N/A)

Explanation

As the formation of Risk Management Committee (RMC) is not mandatory under regulation 30 of the Code, the functions and responsibilities of RMC are performed Audit Committee.


13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following,-

Name of Committee	Frequency of Meeting
Audit Committee	Quarterly
HR and Remuneration Committee	Yearly
Nomination Committee	Not applicable
Risk Management Committee	Not applicable

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (N/A):

For and on behalf of the Board

Karachi:
Date: 29th September 2020


Mohammad Salim
(Chairman)

MUSHTAQ & COMPANY

CHARTERED ACCOUNTANTS

H O. 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-3
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Independent Auditor's Review Report

To the members of Faisal Spinning Mills Limited on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Faisal Spinning Mills Limited for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

MUSHTAQ & COMPANY
Chartered Accountants

Place: Lahore
Dated: **September 29, 2020**

Engagement Partner:
Ayaz Mahmood, ACA

Lahore Office: 19-B, Block G, Gulberg-III, Lahore. Tel: 042-35858624-6
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Independent auditor's report to the members of

Faisal Spinning Mills Limited Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Faisal Spinning Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2020 and the statement of profit or loss, the statements of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises director's report and last six years' financial analysis but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

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- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Place: Lahore
Dated: **September 29, 2020**

A handwritten signature in black ink, appearing to read 'Mushtaq & Co.' with a stylized flourish at the end.

MUSHTAQ & COMPANY
Chartered Accountants

Lahore Office: 19-B, Block G, Gulberg-III, Lahore. Tel: 042-35858624-6
Islamabad Office: 313. First floor millennium heights, F-11/1, Islamabad Tel: 051-2224970

Statement of Financial Position As At June 30, 2020

<u>EQUITY AND LIABILITIES</u>	Note	<u>June 30, 2020</u> PKR	<u>June 30, 2019</u> PKR
<u>SHARE CAPITAL AND RESERVES</u>			
Authorized capital			
12,000,000 (2019: 12,000,000) ordinary shares of PKR 10 each		<u>120,000,000</u>	<u>120,000,000</u>
Issued, subscribed and paid up capital	5	100,000,000	100,000,000
Reserves		5,300,000,000	4,900,000,000
Unappropriated profits		57,553,834	280,827,457
Loan from directors and sponsors	6	479,337,000	-
		5,936,890,834	5,280,827,457
<u>NON CURRENT LIABILITIES</u>			
Long-term financing - secured	7	4,073,590,976	1,478,483,866
Deferred liabilities	8	1,126,390,881	958,528,960
		5,199,981,857	2,437,012,826
<u>CURRENT LIABILITIES</u>			
Trade and other payables	9	960,417,174	742,758,759
Unclaimed dividend	10	14,088,849	10,433,759
Accrued markup / interest	11	101,145,281	56,990,253
Short-term borrowings - secured	12	3,876,008,889	1,430,911,134
Current portion of non current liabilities	13	55,002,920	226,341,724
		5,006,663,113	2,467,435,629
<u>CONTINGENCIES AND COMMITMENTS</u>	14	-	-
TOTAL EQUITY AND LIABILITIES		<u>16,143,535,804</u>	<u>10,185,275,912</u>

The annexed notes from 1 to 50 form an integral part of these financial statements.



Bilal Sharif
Chief Executive



Mohammad Salim
Director



Anwar Hussain
Chief Financial Officer

Statement of Financial Position As At June 30, 2020

<u>ASSETS</u>	<u>Note</u>	<u>June 30, 2020</u> PKR	<u>June 30, 2019</u> PKR
<u>NON CURRENT ASSETS</u>			
Property, plant and equipment	15	3,860,627,486	3,533,394,262
Capital work-in-progress	16	3,055,668,440	23,676,544
Long term investment	17	717,433,134	692,574,195
Long term deposits	18	10,540,635	9,636,135
		7,644,269,695	4,259,281,136
<u>CURRENT ASSETS</u>			
Stores, spare parts and loose tools	19	124,540,026	94,322,900
Stock in trade	20	6,128,002,911	4,005,267,653
Trade debts	21	823,685,053	991,416,896
Loans and advances	22	80,128,950	69,483,087
Trade deposits and prepayments	23	179,366,329	122,676,103
Other receivables	24	77,853,981	19,617,557
Income tax refundable	25	290,373,554	293,358,349
Sales tax refundable	26	560,274,915	163,906,121
Cash and bank balances	27	235,040,390	165,946,110
		8,499,266,109	5,925,994,776
TOTAL ASSETS		16,143,535,804	10,185,275,912



Bilal Sharif
Chief Executive



Mohammad Salim
Director



Anwar Hussain
Chief Financial Officer



Statement of Profit or Loss For the year ended June 30, 2020

	Note	June 30, 2020 PKR	June 30, 2019 PKR
Sales	28	14,895,550,333	14,028,566,145
Cost of sales	29	13,485,266,980	12,144,528,218
Gross profit		1,410,283,353	1,884,037,927
Other income	30	46,257,142	30,479,561
		1,456,540,495	1,914,517,488
Distribution cost	31	388,475,712	359,691,377
Administrative expenses	32	167,708,237	218,206,900
Other operating expenses	33	41,755,096	61,177,800
Finance cost	34	246,852,141	290,547,845
		844,791,186	929,623,922
		611,749,309	984,893,566
Share of profit from associated undertaking		78,625,942	117,478,502
Profit before tax		690,375,251	1,102,372,068
Provision for taxation			
Current tax - Current year		172,799,457	171,415,830
Current tax - Prior year		-	(430,012)
Deferred		(6,303,327)	12,886,399
	35	166,496,130	183,872,217
Profit after taxation for the year		523,879,121	918,499,851
Earnings per share - basic and diluted	36	52.39	91.85

The annexed notes from 1 to 50 form an integral part of these financial statements.

Bilal Sharif
Chief Executive

Mohammad Salim
Director

Anwar Hussain
Chief Financial Officer

**Statement of Comprehensive Income
For the year ended June 30, 2020**

	Note	June 30, 2020 PKR	June 30, 2019 PKR
Profit after taxation for the year		523,879,121	918,499,851
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on remeasurement of employees retirement benefits - gratuity		(10,525,632)	17,841,564
Related deferred tax on remeasurement of employees retirement benefits - gratuity		768,297	(1,519,892)
Share of OCI of associate - net of tax		(2,395,291)	2,920,272
		(12,152,626)	19,241,944
Total comprehensive income for the year		511,726,495	937,741,795

The annexed notes from 1 to 50 form an integral part of these financial statements.



Bilal Sharif
Chief Executive



Mohammad Salim
Director



Anwar Hussain
Chief Financial Officer



Statement of Changes in Equity For the year ended June 30, 2020

	Share Capital	Capital Reserves	Revenue Reserves		Loan from directors and sponsors	Total
			General Reserves	Unappropriated Profit		
.....PKR.....						
Balance as at June 30, 2018	100,000,000	24,150,000	4,175,850,000	275,085,662	-	4,575,085,662
Final dividend for the year ended June 30, 2018 PKR. 23.20 per share	-	-	-	(232,000,000)	-	(232,000,000)
Total comprehensive income for the year						
Profit for the year	-	-	-	918,499,851	-	918,499,851
Other comprehensive (loss)/gain	-	-	-	19,241,944	-	19,241,944
Transferred to general reserve	-	-	700,000,000	(700,000,000)	-	-
Balance as at June 30, 2019	100,000,000	24,150,000	4,875,850,000	280,827,457	-	5,280,827,457
Loans from directors and sponsors received during the year	-	-	-	-	479,337,000	479,337,000
Total comprehensive income for the year						
Profit for the year	-	-	-	523,879,121	-	523,879,121
Other comprehensive (loss)/gain	-	-	-	(12,152,626)	-	(12,152,626)
Dividends						
Final for the year ended June 30, 2019 PKR. 18.50 per share	-	-	-	(185,000,118)	-	(185,000,118)
Interim during the year PKR. 15 per share	-	-	-	(150,000,000)	-	(150,000,000)
Transferred to general reserve	-	-	400,000,000	(400,000,000)	-	-
Balance as at June 30, 2020	100,000,000	24,150,000	5,275,850,000	57,553,834	479,337,000	5,936,890,834

The annexed notes from 1 to 50 form an integral part of these financial statements.

Bilal Sharif
Chief Executive

Mohammad Salim
Director

Anwar Hussain
Chief Financial Officer



Statement of Cash Flows For the year ended June 30, 2020

	June 30, 2020 PKR	June 30, 2019 PKR
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	690,375,251	1,102,372,068
Adjustments for:		
Depreciation of property, plant and equipment	322,574,599	323,909,031
Share of profit from associated undertaking	(78,625,942)	(117,478,502)
Provision for bad debts	23,509,524	93,736,350
Doubtful debts recovered	(30,668,268)	(21,198,704)
Infrastructure fee - ETO	59,863,821	29,353,960
Infrastructure fee - Gas	81,848,013	99,707,785
Provision for staff retirement benefits - gratuity	42,941,875	41,520,181
(Gain) / Loss on disposal of property, plant and equipment	(2,968,311)	1,612,675
Finance cost	246,852,141	290,547,845
	665,327,452	741,710,621
Operating cash flows before movements in working capital	1,355,702,703	1,844,082,689
Changes in working capital		
Increase in stores, spares and loose tools	(30,217,126)	(23,516,466)
Increase in stock in trade	(2,122,735,258)	(1,601,972,526)
Decrease / (Increase) in trade debts	175,123,734	(28,787,708)
(Increase) / Decrease in loans and advances	(10,879,010)	1,970,977
Increase in trade deposits	(56,690,226)	(29,602,206)
Increase in other receivable	(58,236,424)	(6,346,534)
Increase in sales tax refund and other receivables	(396,368,794)	(34,342,956)
Decrease in trade and other payables	217,658,415	143,093,107
	(2,282,344,689)	(1,579,504,312)
Cash generated by operations	(926,641,986)	264,578,377
Finance cost paid	(202,697,113)	(253,171,125)
Staff retirement benefits - gratuity paid	(22,462,978)	(27,069,467)
Income taxes paid	(169,814,662)	(160,307,840)
Long-term deposits	(904,500)	(482,000)
	(395,879,253)	(441,030,432)
Net cash used in operating activities	(1,322,521,239)	(176,452,055)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	14,183,236	53,090,812
Addition in property plant and equipment	(3,693,014,644)	(424,492,058)
Dividend received	51,371,712	27,350,680
	(3,627,459,696)	(344,050,566)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from long term finance	2,665,378,584	300,841,968
Proceeds from Directors	479,337,000	-
Payment of long-term financing	(239,393,096)	(296,046,010)
Increase in short-term borrowings	2,445,097,755	785,259,374
Dividend paid	(331,345,028)	(228,792,976)
	5,019,075,215	561,262,356
Net cash generated from financing activities	5,019,075,215	561,262,356
Net increase in cash and cash equivalents	69,094,280	40,759,735
Cash and cash equivalent at the beginning of year	165,946,110	125,186,375
Cash and cash equivalent at the end of year	235,040,390	165,946,110

* No non-cash item are included in these activities.

The annexed notes from 1 to 50 form an integral part of these financial statements.

Bilal Sharif
Chief Executive

Mohammad Salim
Director

Anwar Hussain
Chief Financial Officer

Notes to the financial statements For the year ended June 30, 2020

1 The Company and its Operations

1.1 Faisal Spinning Mills Limited ("the Company") was incorporated on 31st January 1985 as a public limited company in Pakistan under repealed Companies Ordinance, 1984 now the Companies Act, 2017 and is quoted on Pakistan Stock Exchanges Limited. The registered office of the Company is located at Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area Karachi.

1.2 The company is principally engaged in manufacturing and sales of yarn and fabric. The production facilities are located at Nooriabad, District Dadu in the province of Sindh and Feroze Wattwan, District Sheikhpura in the province of Punjab.

1.3 Impact of COVID-19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government announced a temporary lock down as a measure to reduce the spread of the COVID-19. The company's operations were not affected as it fell under the exemption provided by the Government to some sectors. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Due to this, management has assessed the accounting implications of these developments on these financial statements, however, according to management's assessment; there is no significant financial impact of the effects of COVID-19 on these financial statements except the adjustment for Net Realizable Value of stock in trade as disclosed in note 20.1 and note 20.2 of these financial statements. The Management believes that the going concern assumption of the Company remains valid.

2 Basis of Preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost convention except for certain financial instruments at fair value and employees retirement benefits at present value. In these financial statements, except for cash flow statements, all transactions have been accounted for on accrual basis.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest Rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the financial statements

For the year ended June 30, 2020

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 45 to these financial statements.

2.5 Standards, interpretations and amendments to published approved accounting standards

2.5.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year :

Following standards, amendments and interpretations are effective for the year beginning on or after July 01, 2019. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the balance sheet date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has no impact of this IFRS on its financial statements.
- Amendment to IAS 12, 'Income taxes', as part of the annual improvements 2017 applicable for annual periods beginning on or after January 1, 2019. The amendments clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI or equity.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on or January 1, 2019 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.5.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the company

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

- An amendment to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is applicable for accounting periods beginning on or after January 1, 2022. Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labor and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required.
- Amendment to IAS 16 'Property, plant and Equipment' is applicable on accounting periods beginning on or after January 1, 2022. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments. The amendment not expected to have material impact on the Company's financial statements.
- An amendment to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS. Refined definition of materiality - Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the company and therefore have not been presented here.

Notes to the financial statements

For the year ended June 30, 2020

3 Summary of Significant Accounting Policies

3.1 Borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

3.2 Employee benefits

Short term employees benefits

The company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

Post retirement benefits

Defined benefit plans

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to profit or loss. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

Actuarial gains and losses are recognized in comprehensive income for the period in which these arise.

3.3 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or minimum of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

Notes to the financial statements

For the year ended June 30, 2020

3.4 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.5 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not invoices to the company.

3.6 Dividend

Dividend is recognized as a liability in the period in which it is approved by shareholders.

3.7 Property, plant and equipment and depreciation

Owned assets

Property, plant and equipment, except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost.

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is charged to income on reducing balance method over its estimated useful life at the rates specified in property, plant and equipment note except for equipment and other assets. Equipment and other assets are depreciated over the period of three years. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is material.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Impairment

Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

Leased assets

Recognition

The Company recognizes a right-of-use asset and a lease liability at the commencement date. A commencement date is the date on which the lessor makes an underlying asset available for use by the lessee (the Company). The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of all underlying assets that have a lease term of 12 months or less and leases for which the underlying asset, when new, is of low-value as per the threshold set by the Company. The Company recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

Initial measurement

Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate if the implicit rate is not readily available. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments comprise fixed payments less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to be payable by the Company under residual value guarantees; the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

Right-of-use asset

The Company initially measures the right-of-use asset at cost. This cost comprises the amount of lease liability as initially measured, plus any lease payments made on or before the commencement date, less lease incentives received, initial direct costs and estimated terminal costs (i.e. dismantling or other site restoration costs required by the terms and conditions of the lease contract).

Notes to the financial statements For the year ended June 30, 2020

Subsequent measurement

Lease liability

After the commencement date, the Company re-measures the lease liability to reflect the affect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the statement of profit or loss account, unless these are included in the carrying amount of another asset.

Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

Right-of-use asset

After the commencement date, the Company measures the right-of-use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability.

The Company depreciates the cost of right-of-use asset, net of residual value, from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. However, if the lease contract transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise the purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

3.8 Capital work in process

Capital work in progress and stores held for capital expenditure are stated at cost and represents expenditure incurred on property, plant and equipment during construction and installation. Cost includes borrowing cost as referred in accounting policy of borrowing cost. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

3.9 Investments in associate - Equity Method

Entities in which the Company has significant influence but not control and which are neither its subsidiaries nor joint ventures are associates and are accounted for by using the equity method of accounting. These investments are initially recognized at cost, thereafter the carrying amount is increased or decreased to recognize the company's share of profit or loss of associates. Share of post acquisition profit and loss of associates is accounted for in the company's profit and loss account. Distribution received from investee, reduces the carrying amount of investment. The changes in the associate's equity which are not recognized in the associates' profit and loss account, are recognized directly in the equity of the Company.

3.10 Financial assets and liabilities

Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Notes to the financial statements

For the year ended June 30, 2020

Equity instrument financial assets are measured at fair value and subsequent to initial recognition changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Derecognition

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

Financial Liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

3.11 Impairment

Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-Financial Assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Notes to the financial statements For the year ended June 30, 2020

3.12 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.13 Stores and spares

Stores and spares are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

3.14 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

Raw material	At weighted average cost or replacement cost whichever is lower
Work in progress	At average manufacturing cost
Finished goods	At average manufacturing cost or net realizable value whichever is lower
Waste	Net realizable value

Valuation of raw material, work in process and finished goods as on 30th June have been valued at lower of cost and net realizable value as per the requirement of IAS 2.

Raw material in transit is stated at invoice price plus other charges paid thereon upto the balance sheet date.

Average manufacturing cost in relation to work in process and finished goods, consist of direct material and proportion of manufacturing overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

3.15 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method.

3.16 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and balances with bank for the purpose of cash flow statement.

3.17 Revenue recognition

Revenue from sale of goods is recognised when control of goods is transferred to customers.

Interest income is recognized on the basis of constant periodic rate of return.

Dividend income is recognized when the right to receive dividend is established i.e. the book closure date of the investee company declaring the dividend.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.

3.18 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

3.19 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the balance sheet date.

Exchange differences, if any, are taken to profit and loss account.

Notes to the financial statements

For the year ended June 30, 2020

3.20 Transactions with related party

Transactions with related parties are priced at comparable uncontrolled market price. All transactions involving related parties arising in the normal course business are conducted at arm's length using valuation modes, as admissible. Parties are said to be related when they meet the definition as provided in the Companies Act, 2017.

3.21 Segment reporting

Segment reporting is based on the operating (business) segments of the company. An operating segment is a component of the company that engages in a business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company's other components. An operating segment's operating results are reviewed by the CEO to make decision about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprises mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the period to acquire property , plant and equipment.

The business segments are engaged in providing products and services which are subject to risks and rewards which differ from the risk and reward of other segment Segments reported are Spinning, Weaving and Power Generation, Which also reflects the management structure of company.

3.22 Government Grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The Company recognises government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants. Government grants are recognised at fair value, as deferred income. Grants that compensate the Company for expenses incurred are amortised on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

4 Capital Management

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital and level of dividends to ordinary shareholders. The company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the company's approach to capital management during the year. Further the company is not subject to externally imposed capital requirements.

FAISAL SPINNING MILLS LIMITED *of Companies*

Notes to the financial statements

For the year ended June 30, 2020

5 Issued, Subscribed and Paid up Capital

Number of shares			June 30, 2020	June 30, 2019
June 30 2020	June 30 2019		PKR	PKR
6,300,000	6,300,000	Ordinary shares of Rs 10 each allotted for consideration - fully paid in cash	63,000,000	63,000,000
3,700,000	3,700,000	Ordinary shares of Rs 10 each allotted as bonus shares	37,000,000	37,000,000
<u>10,000,000</u>	<u>10,000,000</u>		<u>100,000,000</u>	<u>100,000,000</u>

5.1 Associated company holds 1,282,900 (2019: 1,282,900) ordinary shares of Rs. 10 each in the company.

6 Loan from Directors and Sponsors

During the year, directors and sponsors have entered into a contract with the Company. As per contract, the loans are unsecured, interest free and repayable at the discretion of the Company. The loan is presented under equity as per Technical Release-32 of The Institute of Chartered Accountants of Pakistan.

7 Long Term Financing - Secured From Financial Institutions

	LTF Loans PKR	Non LTF Loans PKR	June 30, 2020 PKR	June 30, 2019 PKR
7.01 United Bank Limited - Term Finance Loan	9,241,000	-	9,241,000	13,201,000
7.02 United Bank Limited - Term Finance Loan	27,316,409	-	27,316,409	32,519,533
7.03 United Bank Limited - Term Finance Loan	48,681,284	-	48,681,284	57,953,908
7.04 United Bank Limited - Term Finance Loan	108,643,000	-	108,643,000	123,460,000
7.05 United Bank Limited - Term Finance Loan	156,113,000	-	156,113,000	177,401,000
7.06 United Bank Limited - Term Finance Loan	103,212,000	-	103,212,000	121,972,000
7.07 United Bank Limited - Term Finance Loan	172,218,750	-	172,218,750	192,882,750
7.08 United Bank Limited - Term Finance Loan	35,641,000	-	35,641,000	39,916,000
7.09 United Bank Limited - Term Finance Loan	63,691,000	-	63,691,000	74,763,000
7.10 United Bank Limited - Term Finance Loan	39,302,189	-	39,302,189	45,122,189
7.11 United Bank Limited - Term Finance Loan	143,648,662	-	143,648,662	164,928,662
7.12 United Bank Limited - Term Finance Loan	11,573,716	-	11,573,716	13,288,340
7.13 United Bank Limited - Term Finance Loan	132,534,762	-	132,534,762	152,169,542
7.14 United Bank Limited - Term Finance Loan	38,879,794	-	38,879,794	44,434,050
7.15 United Bank Limited - Term Finance Loan	-	-	-	5,420,960
7.16 United Bank Limited - Term Finance Loan	-	-	-	6,062,138
7.17 United Bank Limited - Term Finance Loan	-	-	-	8,491,935
7.18 United Bank Limited - Term Finance Loan	-	-	-	33,869,248
7.19 United Bank Limited - Term Finance Loan	-	-	-	22,233,407
7.20 United Bank Limited - Term Finance Loan	73,893,960	-	73,893,960	73,893,960
7.21 United Bank Limited - Term Finance Loan	9,769,800	-	9,769,800	9,769,800
7.22 United Bank Limited - Term Finance Loan	152,145,810	-	152,145,810	152,145,810
7.23 United Bank Limited - Term Finance Loan	20,270,490	-	20,270,490	20,270,490
7.24 United Bank Limited - Term Finance Loan	118,655,868	-	118,655,868	118,655,868
7.25 United Bank Limited - Term Finance Loan	85,172,600	-	85,172,600	-
7.26 United Bank Limited - Term Finance Loan	6,251,200	-	6,251,200	-
7.27 United Bank Limited - Term Finance Loan	19,512,787	-	19,512,787	-
7.28 United Bank Limited - Term Finance Loan	30,536,676	-	30,536,676	-
7.29 United Bank Limited - Term Finance Loan	72,758,542	-	72,758,542	-
7.30 Bank Al Falah Limited - Term Finance Loan	416,400,000	-	416,400,000	-
7.31 Bank Al Falah Limited - Term Finance Loan	262,171,000	-	262,171,000	-
7.32 Bank Al Falah Limited - Term Finance Loan	323,977,500	-	323,977,500	-
7.33 Bank Al Falah Limited - Term Finance Loan	92,565,000	-	92,565,000	-
7.34 Bank Al Falah Limited - Term Finance Loan	6,526,620	-	6,526,620	-
7.35 Bank Al Falah Limited - Term Finance Loan	31,832,500	-	31,832,500	-
7.36 Bank Al Falah Limited - Term Finance Loan	14,514,000	-	14,514,000	-
7.37 Bank Al Falah Limited - Term Finance Loan	37,292,650	-	37,292,650	-
7.38 Bank Al Falah Limited - Term Finance Loan	2,898,900	-	2,898,900	-
7.39 Bank Al Falah Limited - Term Finance Loan	9,600,191	-	9,600,191	-
7.40 Bank Al Falah Limited - Term Finance Loan	10,468,249	-	10,468,249	-
7.41 Bank Al Falah Limited - Term Finance Loan	22,466,475	-	22,466,475	-
7.42 Bank Al Falah Limited - Term Finance Loan	3,990,000	-	3,990,000	-
7.43 Bank Al Falah Limited - Term Finance Loan	1,197,000	-	1,197,000	-
7.44 Bank Al Falah Limited - Term Finance Loan	3,670,100	-	3,670,100	-
7.45 Bank Al Falah Limited - Term Finance Loan	22,743,000	-	22,743,000	-
7.46 Bank Al Falah Limited - Term Finance Loan	136,907,000	-	136,907,000	-
7.47 Bank Al Falah Limited - Term Finance Loan	7,946,229	-	7,946,229	-
7.48 Bank Al Falah Limited - Term Finance Loan	2,090,240	-	2,090,240	-
7.49 Bank Al Falah Limited - Term Finance Loan	33,522,000	-	33,522,000	-
7.50 Bank Al Falah Limited - Term Finance Loan	1,578,621	-	1,578,621	-
7.51 Bank Al Falah Limited - Term Finance Loan	2,865,625	-	2,865,625	-

FAISAL SPINNING MILLS LIMITED *of Companies*

Notes to the financial statements

For the year ended June 30, 2020

7.52	Bank Al Falah Limited - Term Finance Loan	8,599,973	-	8,599,973	-
7.53	Bank Al Falah Limited - Term Finance Loan	199,603,690	-	199,603,690	-
7.54	Bank Al Falah Limited - Term Finance Loan	224,735,680	-	224,735,680	-
7.55	Bank Al Falah Limited - Term Finance Loan	6,536,322	-	6,536,322	-
7.56	Bank Al Falah Limited - Term Finance Loan	159,776,760	-	159,776,760	-
7.57	Bank Al Falah Limited - Term Finance Loan	74,700,000	-	74,700,000	-
7.58	Bank Al Falah Limited - Term Finance Loan	113,266,300	-	113,266,300	-
7.59	Bank Al Falah Limited - Term Finance Loan	146,004,400	-	146,004,400	-
7.60	Bank Al Falah Limited - Refinancing Salary	-	30,320,889	-	30,320,889
7.61	Bank Al Falah Limited - Refinancing Salary	-	34,027,741	-	34,027,741
		4,060,110,324	64,348,630	4,124,458,954	1,704,825,590

Less: Current Maturity

7.01	United Bank Limited - Term Finance Loan	1,320,000	-	1,320,000	5,280,000
7.02	United Bank Limited - Term Finance Loan	-	-	-	5,203,124
7.03	United Bank Limited - Term Finance Loan	-	-	-	9,272,624
7.04	United Bank Limited - Term Finance Loan	4,939,000	-	4,939,000	19,756,000
7.05	United Bank Limited - Term Finance Loan	7,096,000	-	7,096,000	28,384,000
7.06	United Bank Limited - Term Finance Loan	-	-	-	18,760,000
7.07	United Bank Limited - Term Finance Loan	6,888,000	-	6,888,000	27,552,000
7.08	United Bank Limited - Term Finance Loan	1,425,000	-	1,425,000	5,700,000
7.09	United Bank Limited - Term Finance Loan	-	-	-	11,072,000
7.10	United Bank Limited - Term Finance Loan	1,455,000	-	1,455,000	7,275,000
7.11	United Bank Limited - Term Finance Loan	5,320,000	-	5,320,000	26,600,000
7.12	United Bank Limited - Term Finance Loan	-	-	-	1,714,624
7.13	United Bank Limited - Term Finance Loan	-	-	-	19,634,780
7.14	United Bank Limited - Term Finance Loan	-	-	-	5,554,256
7.16	United Bank Limited - Term Finance Loan	-	-	-	3,097,680
7.17	United Bank Limited - Term Finance Loan	-	-	-	3,464,000
7.18	United Bank Limited - Term Finance Loan	-	-	-	4,245,960
7.19	United Bank Limited - Term Finance Loan	-	-	-	16,934,624
7.21	United Bank Limited - Term Finance Loan	-	-	-	6,841,052
7.23	United Bank Limited - Term Finance Loan	633,453	-	633,453	-
7.24	United Bank Limited - Term Finance Loan	3,707,996	-	3,707,996	-
7.60	Bank Al Falah Limited - Refinance Loan	-	8,529,988	-	8,529,988
7.61	Bank Al Falah Limited - Refinance Loan	-	9,553,541	-	9,553,541
		32,784,449	18,083,529	50,867,978	226,341,724
		4,027,325,875	46,265,101	4,073,590,976	1,478,483,866

Total Term Finance Loan Payable

	Security	Repayment	Markup on LTFF	Markup on non-LTFF
7.01	First pari passu charge over plant and machinery of Weaving Unit situated at 18 Kilometer, Faisalabad Road, Feroz Watwan, District Sheikhpura, to the extent of PKR 1,651.0 million.	The loan is repayable in twenty equal quarterly installments, commenced from 2nd June, 2016.	5.15% (2019: 5.15%)	-
7.02	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commenced from 6th November 2017.	3.50% (2019: 3.50%)	-
7.03	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commenced from 24th November, 2017.	3.50% (2019: 3.50%)	-
7.04	Covered under securities for term finance 7.01	The loan is repayable in thirty six equal quarterly installments, commenced from 09th December, 2016.	3.50% (2019: 3.50%)	-
7.05	Covered under securities for term finance 7.01	The loan is repayable in thirty six equal quarterly installments, commenced from 19th December, 2016.	3.50% (2019: 3.50%)	-
7.06	Covered under securities for term finance 7.01	The loan is repayable in thirty six equal quarterly installments, commenced from 23rd February, 2017.	2.50% (2019: 2.5%)	-
7.07	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commenced from 13th September, 2018.	2.50% (2019: 2.5%)	-
7.08	First pari passu charge over plant and machinery of Spinning Unit situated at A - 150, SITE Nooriabad, Sindh, to the extent of PKR 1.374 billion .	The loan is repayable in thirty two equal quarterly installments, commencing from 14 th September, 2018.	2.50% (2019: 2.5%)	-
7.09	Covered under securities for term finance 7.08	The loan is repayable in thirty two equal quarterly installments, commencing from 28 th May, 2018.	2.50% (2016: 2.50%)	-
7.10	Covered under securities for term finance 7.08	The loan is repayable in thirty two equal quarterly installments, commencing from 29 th March, 2019.	2.50% (2019: 2.5%)	-
7.11	Covered under securities for term finance 7.08	The loan is repayable in thirty two equal quarterly installments, commencing from 29 th March, 2019.	2.50% (2019: 2.5%)	-

Notes to the financial statements For the year ended June 30, 2020

	Security	Repayment	Markup on LTFF	Markup on non-LTFF
7.12	Covered under securities for term finance 7.08	The loan is repayable in thirty two equal quarterly installments, commencing from 4 th April, 2019.	2.50% (2019: 2.5%)	-
7.13	Covered under securities for term finance 7.08	The loan is repayable in thirty two equal quarterly installments, commencing from 4 th April, 2019.	2.50% (2019: 2.5%)	-
7.14	Covered under securities for term finance 7.08	The loan is repayable in thirty two equal quarterly installments, commencing from 24 th August, 2019.	2.50% (2019: 2.5%)	-
7.15	Covered under securities for term finance 7.08	The loan is repayable in twenty four equal quarterly installments, commencing from 5 th May, 2015. The loan has been repaid during the year.	-	Three month KIBOR plus 0.75% (2019: Three month KIBOR plus 0.75%)
7.16	Covered under securities for term finance 7.08	The loan is repayable in twenty four equal quarterly installments, commencing from 25 th May, 2015. The loan has been repaid during the year.	-	Three month KIBOR plus 0.75% (2019: Three month KIBOR plus 0.75%)
7.17	Covered under securities for term finance 7.08	The loan is repayable in twenty four equal quarterly installments, commencing from 9 th July, 2015. The loan has been repaid during the year.	-	Three month KIBOR plus 0.75% (2019: Three month KIBOR plus 0.75%)
7.18	Covered under securities for term finance 7.08	The loan is repayable in twenty four equal quarterly installments, commencing from 4 th August, 2015. The loan has been repaid during the year.	-	Three month KIBOR plus 0.75% (2019: Three month KIBOR plus 0.75%)
7.19	Covered under securities for term finance 7.08	The loan is repayable in twenty four equal quarterly installments, commencing from 27 th October, 2016. The loan has been repaid during the year.	-	Three month KIBOR plus 0.50% (2019: Three month KIBOR plus 0.75%)
7.20	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commencing from 30 th August, 2020.	2.5% (2019: Nil)	-
7.21	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commencing from 23 rd October, 2020.	2.50% (2019: Nil)	-
7.22	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commencing from 3 rd August, 2021.	2.75% (2019: Nil)	-
7.23	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commencing from 09 th May, 2021.	2.75% (2019: Nil)	-
7.24	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commencing from 07 th May, 2021.	2.75% (2019: Nil)	-
7.25	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commencing from 09 th December, 2021.	2.75% (2019: Nil)	-
7.26	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commencing from 09 th December, 2021.	2.75% (2019: Nil)	-
7.27	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commencing from 13 th July, 2022.	3% (2019: Nil)	-
7.28	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commencing from 15 th January, 2022.	2.5% (2019: Nil)	-
7.29	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commencing from 18 th November, 2022.	3% (2019: Nil)	-

Notes to the financial statements

For the year ended June 30, 2020

7.30	First charge over plant and machinery of Finishing Unit situated at 1.7KM Warburton Road Sheikhupura, Punjab to the extent of PKR 3.0 billion and ranking charge over plant and machinery of Weaving Unit situated at Ferozewatoan, Sheikhupura Faisalabad Road, Punjab, to the extent of PKR 1.0 billion .	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.31	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.32	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.33	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.34	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.35	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.36	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.37	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.38	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.39	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.40	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.41	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.42	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.43	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.44	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.45	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.46	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.47	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.48	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.49	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-

Notes to the financial statements

For the year ended June 30, 2020

7.50	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.51	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.52	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.53	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.54	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.55	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.56	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.57	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.58	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.59	Covered under securities for term finance 7.30	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2019: Nil)	-
7.60	Ranking charge over current assets of Spinning Unit situated at A - 150, SITE Nooriabad, Sindh, to the extent of PKR 176.40 million .	The loan is repayable in eight equal quarterly installments, commencing from 1st January, 2021.	0.75% (2019: Nil)	-
7.61	Covered under securities for term finance 7.60	The loan is repayable in eight equal quarterly installments, commencing from 1st January, 2021.	0.75% (2019: Nil)	-

8	Deferred Liability	Note	June 30, 2020	June 30, 2019
			PKR	PKR
	Infra structure fee payable	8.1	180,520,625	120,656,804
	Staff retirement benefits - gratuity	8.2.1	192,521,328	161,516,799
	Deferred taxation	8.3	71,143,467	78,215,091
	Infra structure fee payable - Gas	8.4	679,988,279	598,140,266
	Deferred Government grant	8.5	2,217,182	-
			1,126,390,881	958,528,960

8.1 This represents amount payable to Excise and Taxation Department, Government of Sindh in respect of infrastructure fee levied through fifth version of law (i.e. Sindh Finance (Amendment) Ordinance 2006). The Supreme Court in his judgment dated 17th May 2011 has decided that fifth version of law (i.e. Sindh Finance (Amendment) Ordinance 2006) is valid and hence the levy imposed and collected from the effective date of the fifth version i.e. 28th December 2006 is valid and all imposition and collection before 28th December 2006 are declared to be invalid. The company has now filed petition in Sindh High Court, challenging fifth version of law (i.e. Sindh Finance (Amendment) Ordinance 2006 regarding levy of infrastructure fee from the 28th December 2006. During the pendency of decision on fifth version of law, Sindh High Court has directed on 31st May 2011 to pay 50% of liability to Excise and Taxation Department, Government of Sindh, and provide bank guarantee of the remaining amount as calculated in accordance with the decision of Supreme Court of Pakistan. Subsequent imports of the company be released against 50% payment infrastructure fee to Excise and Taxation Department, Government of Sindh and furnishing bank guarantee of balance 50% amount. This also includes an amount payable to Excise and Taxation Department, The Government of the Punjab, in respect of Infrastructure Development Cess. The company had filed WP No. 25754/16 in Lahore High Court and during the pendency of decision, Lahore High Court has directed to pay 50% of the liability to Excise and Taxation Department, Government of the Punjab and provide bank guarantee of the balance 50% amount. The company has provided bank guarantees amounting to PKR 222.801 Million (June 30, 2019: PKR 121.69 Million) in respect of unpaid infrastructure fee. The company has accrued unpaid infrastructure fee.

8.2	Staff retirement benefits - gratuity	Note	June 30, 2020	June 30, 2019
			PKR	PKR
8.2.1	Movement in liability recognized in the balance sheet			
	Balance at beginning of the year		161,516,799	164,907,649
	Charged to profit and loss account and other comprehensive income	8.2.2	53,467,507	23,678,617
	Benefits paid during the year		(22,462,978)	(27,069,467)
	Balance at the end of the year		192,521,328	161,516,799

Notes to the financial statements

For the year ended June 30, 2020

	June 30, 2020 PKR	June 30, 2019 PKR
8.2.2 Amount charged to profit and loss account / other comprehensive income		
Current service cost	30,227,621	24,418,518
Interest cost	12,714,254	17,101,663
Charge to profit and loss account	42,941,875	41,520,181
Remeasurement charge to other comprehensive income	10,525,632	(17,841,564)
	53,467,507	23,678,617

8.2.3 The company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligation under the scheme on the basis of actuarial valuation and are charged to income. Actuarial valuation has been carried out by independent actuary as at June 30, 2020 using the "Projected Unit Credit Method" assuming a discount rate of 8.5% (June 30, 2019: 14.25%) per annum, expected rate of increase in salaries at 7.5% (June 30, 2019: 12%) per annum.

8.2.4 There is no unrecognized actuarial loss / gain.

8.2.5 Historical information	Actuarial adjustment arising (%)	Present value of defined benefit obligation PKR	Experience adjustment on plan liabilities PKR
30 th June 2019	-11.05%	161,516,799	(17,841,564)
30 th June 2018	0.84%	164,907,649	1,379,096
30 th June 2017	0.23%	134,655,721	303,538
30 th June 2016	-5.58%	129,269,809	(7,207,892)

8.2.6 Sensitivity analysis of actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.

	Increase in assumption	Decrease in assumption
Discount rate	(6,162,752)	6,469,238
Expected rate of increase in future salary	6,469,238	(6,278,759)

8.2.7 The expected gratuity expense comprising of service cost and net interest for the year ending 30th June 2021 works out to PKR 50,729,214.

7.2.8 The weighted average duration of defined benefit obligation is 6 years.

	June 30, 2020 PKR	June 30, 2019 PKR
8.3 Deferred taxation		
Deferred tax liability / (assets) arising in respect of:		
Taxable temporary differences		
Accelerated tax depreciation on owned assets	96,749,498	106,087,715
Deductible temporary differences		
Provision for employee benefit	(14,052,709)	(13,759,336)
Provision for doubtful debts and obsolete store	(11,553,322)	(14,113,288)
Unused tax losses	-	-
	(25,606,031)	(27,872,624)
	71,143,467	78,215,091
8.3.1 Deferred taxation has been recognized as follows		
Recognized in statement of profit or loss	(6,303,327)	12,886,399
Recognized in statement of changes in equity	(768,297)	1,519,892
	(7,071,624)	14,406,291

8.3.2 Revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. Deferred tax is provided for only that portion of timing differences that represent income taxable under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. Deferred tax has been calculated at 29% of the timing differences so determined based on tax rates notified by the Government of Pakistan for current and future tax years.

8.3.2 Deferred tax liability has not been recognised on taxable temporary difference on investments in Blessed Textiles Limited, an associated company because,

- a- Faisal Spinning Mills Limited is able to control the timing of the reversal of the temporary difference; and
- b- it is probable that the temporary difference will not reverse in the foreseeable future.

8.4 This represents Gas Infrastructure Development Cess [GIDC] levied by Sui Northern Gas Pipelines Limited [SNGPL] and Sui Southern Gas Pipelines Limited [SSGPL]. The Company and others have filed a suit before the Lahore High Court [LHC] and Sindh High Court [SHC] challenging the levy. The LHC & SHC had granted the stay in favour of the Company and directed the SNGPL & SSGPL to avoid collection of GIDC. Subsequent to year end, the Supreme Court of Pakistan has decided the case in favour of SNGPL and SSGC dismissing all petitions. According to Supreme Court decision, GIDC upto July 2020 will be recovered from consumers in 24 equal monthly installments. During current year the Company has filed petition in Sindh High Court which has restrained the SNGPL and SSGPL for taking any coercive action against the Company for any non-payment of installments of GIDC showing arrears in the bills issued to the Company and also from disconnection of gas connection.

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Notes to the financial statements For the year ended June 30, 2020

		June 30, 2020	June 30, 2019
		PKR	PKR
8.5	Deferred Revenue - Government Grant		
	Balance at beginning of year	-	-
	During the year	6,525,808	-
	Amortization during the year	(173,684)	-
	less: current portion	(4,134,942)	-
	Balance at the end of the year	<u>2,217,182</u>	<u>-</u>
8.5.1	During the year, the Company entered into a long-term loan agreement with Bank Al Falah Limited amounting to PKR 70.680 million under the Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns by the State Bank of Pakistan. The loan is repayable in eight equal quarterly installments, starting from January 2021. The facility carries mark-up at State Bank of Pakistan (SBP) rate (currently 0%) plus bank's spread of 0.75% per annum starting from the date of disbursement and is payable in arrears on quarterly basis. This represents the differential between the loan proceeds and fair value of the loan recorded as deferred grant in accordance with IAS 20 and ICAP circular 11 of 2020. The fair value of the loan is the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument by using effective interest method.		
9	Trade and Other Payable		
		June 30, 2020	June 30, 2019
		PKR	PKR
	Creditors	587,749,717	274,328,395
	Accrued liabilities	212,275,333	257,753,872
	Advance from customers & others	51,630,030	89,457,917
	Workers' profit participation fund	32,791,940	52,440,648
	Workers' welfare fund	71,770,135	62,806,979
	Others	4,200,019	5,970,948
		<u>960,417,174</u>	<u>742,758,759</u>
9.1	Advance received from customer is recognised as revenue when the performance obligation in accordance with the policy is satisfied. Revenue for an amount of Rs. 34,904 (2019: Rs. 11,820) thousand has been recognised in current year in respect of advances from customers at the beginning of period.		
9.2	Workers' profit participation fund		
		June 30, 2020	June 30, 2019
		PKR	PKR
	Balance at beginning of the year	52,440,648	35,029,666
	Interest on funds utilized in the Company's business	2,334,395	2,741,588
		<u>54,775,043</u>	<u>37,771,254</u>
	Paid during the year	(54,775,043)	(37,771,254)
		-	-
	Allocation / expense for the year	32,791,940	52,440,648
		<u>32,791,940</u>	<u>52,440,648</u>
9.3	Interest on workers' profit participation fund has been provided @ 138.75% (June 30, 2019: 174%) per annum.		
10	Unclaimed dividend		
		June 30, 2020	June 30, 2019
		PKR	PKR
	Unclaimed dividend	14,088,849	10,433,759
		<u>14,088,849</u>	<u>10,433,759</u>
11	Accrued markup / interest		
		June 30, 2020	June 30, 2019
		PKR	PKR
	Accrued markup / interest on secured		
	- long-term financing	53,820,929	12,382,715
	- short-term borrowings	47,324,352	44,607,538
		<u>101,145,281</u>	<u>56,990,253</u>
11.1	During the year company has capitalized the borrowing cost of Rs. 43,739,282 (2019: Nil)		
12	Short Term Borrowings		
	From banking companies-secured		
	Short term money market loan	3,876,008,889	1,430,911,134
12.1	The aggregate approved short term borrowing facilities amounted to PKR 6,310 Million (2019: PKR 5,560 Million).		
12.2	These facilities are subject to mark-up ranging from 1 to 3 month KIBOR + spread between 0.1% to 2% (2019: 1 to 3 month KIBOR + spread between 0.1% to 2%) per annum payable quarterly. These facilities are secured against hypothecation charge on stock, stores and receivables.		
13	Current Portion of Non Current Liabilities		
		June 30, 2020	June 30, 2019
		PKR	PKR
	Long term financing	50,867,978	226,341,724
	Deferred revenue - govt grant	4,134,942	-
		<u>55,002,920</u>	<u>226,341,724</u>

Notes to the financial statements For the year ended June 30, 2020

14 Contingencies and Commitments

Contingencies

- 14.1** In normal course of business, the Company has issued indemnity bonds amounting to PKR 46.968 Million (June 30, 2019: PKR 46.968 Million) and post dated cheques amounting to PKR 1,339.56 Million (2019: PKR 619.532 Million) in favour of collector of customs and sales tax department in lieu of custom and sales tax levies against various statutory notification and the indemnity bond furnished by the Company are likely to be released after fulfillment of the terms of related SRO's.
- 14.2** Bank guarantee issued to Sui Southern Gas Company Limited on behalf of the company PKR 57.870 Million (June 30, 2019: PKR 57.870 million), Sui Northern Pipeline Company Limited amounting to PKR 278.139 Million (2019: PKR 78.498 million), Hyderabad Electric Supply Company Limited PKR 11.920 million (June 30, 2019: PKR 11.920 million), Excise and Taxation - Government of Sindh PKR 164 million (June 30, 2019: PKR 113.805 million), Excise and Taxation - Government of Punjab PKR 7.90 million (June 30, 2019: PKR 7.89 million) and Pakistan State Oil Company Limited PKR 2.250 million (June 30, 2019: PKR 2.250 million).

- 14.3** Bills discounted

Commitments

Letters of credit for: (Raw material, stores & machinery)

June 30, 2020	June 30, 2019
PKR	PKR
2,009,214,358	2,503,027,088
2,173,604,045	277,266,975

FAISAL SPINNING MILLS LIMITED of Companies

Notes to the financial statements

For the year ended June 30, 2020

15 PROPERTY, PLANT AND EQUIPMENT

Description	COST			DEPRECIATION				Book value as at June 30, 2020	Annual rate of depreciation %
	As at July 01, 2019	Additions	Transfers / Disposal	As at June 30, 2020	As at July 01, 2019	Charge for the year	Transfers / Disposal		
Rupees									
Freehold land	463,505,329	369,725,100	-	833,230,429	-	-	-	833,230,429	-
Leasehold land	7,367,085	-	-	7,367,085	-	-	-	7,367,085	-
Factory building on freehold land	234,841,827	1,613,000	-	236,454,827	191,269,455	4,464,771	-	195,734,226	40,720,601
Factory building on leasehold land	215,337,055	-	-	215,337,055	143,034,247	7,230,282	-	150,264,529	65,072,526
Factory building on Leasehold extension	21,741,789	-	-	21,741,789	2,725,520	1,901,627	-	4,627,147	17,114,642
Non factory building on freehold land	95,524,372	-	-	95,524,372	49,003,857	2,326,026	-	51,329,883	44,194,489
Non factory building on leasehold land	20,390,399	-	-	20,390,399	14,938,978	272,571	-	15,211,549	5,178,850
Non factory building on Leasehold extension	146,831,933	21,233,614	-	168,065,547	49,179,637	7,539,412	-	56,719,049	111,346,498
Plant and machinery	4,516,082,158	234,122,296	-	4,687,167,369	1,932,368,499	259,831,420	-	2,138,622,821	2,548,544,548
			(63,037,085)				(53,577,098)		
Electric equipment and fitting	214,170,596	975,000	-	215,145,596	107,846,416	10,750,917	-	118,597,333	96,548,263
Gas line and pipe fitting	7,943,179	-	-	7,943,179	6,179,869	176,330	-	6,356,199	1,586,980
Factory equipment	30,432,139	3,285,952	-	33,718,091	20,737,475	996,850	-	21,734,325	11,983,766
Office equipment	2,917,742	-	-	2,917,742	1,769,030	114,872	-	1,883,902	1,033,840
Furniture and fixtures	7,331,345	-	-	7,331,345	6,056,009	127,533	-	6,183,542	1,147,803
Equipment and other assets	218,934,010	20,701,776	-	239,635,786	192,987,005	16,621,516	-	209,608,521	30,027,265
									Three years
Vehicles	103,512,135	9,366,010	(2,709,166)	110,168,979	55,372,834	10,220,472	(954,228)	64,639,078	45,529,901
									20
	6,306,863,093	661,022,748	-	6,902,139,590	2,773,468,831	322,574,599	-	3,041,512,104	3,860,627,486
			(65,746,251)				(54,531,326)		
2020	6,306,863,093	661,022,748	-	6,902,139,590	2,773,468,831	322,574,599	-	3,041,512,104	3,860,627,486
			(65,746,251)				(54,531,326)		

Description	COST			DEPRECIATION				Book value as at June 30, 2019	Annual rate of depreciation %
	As at July 01, 2018	Additions	Transfers / Disposal	As at June 30, 2019	As at July 01, 2018	Charge for the year	Transfers / Disposal		
Rupees									
Freehold land	463,505,329	-	-	463,505,329	-	-	-	463,505,329	-
Leasehold land	7,367,085	-	-	7,367,085	-	-	-	7,367,085	-
Factory building on freehold land	234,041,827	800,000	-	234,841,827	186,428,081	4,841,374	-	191,269,455	43,572,372
Factory building on leasehold land	215,337,055	-	-	215,337,055	135,000,602	8,033,645	-	143,034,247	72,302,808
factory building on Leasehold extension	21,741,789	-	-	21,741,789	612,601	2,112,919	-	2,725,520	19,016,269
Non factory building on freehold land	91,734,032	3,790,340	-	95,524,372	46,605,282	2,398,575	-	49,003,857	46,520,515
Non factory building on leasehold land	20,390,399	-	-	20,390,399	14,652,061	286,917	-	14,938,978	5,451,421
Non factory building on Leasehold extension	146,831,933	-	-	146,831,933	41,139,634	8,040,003	-	49,179,637	97,652,296
Plant and machinery	4,273,397,873	373,667,435	5,309,776	4,516,082,158	1,750,666,037	262,765,427	1,363,555	1,932,368,499	2,583,713,659
			(136,292,926)				(82,326,520)		
Electric equipment and fitting	208,009,153	6,161,443	-	214,170,596	95,704,616	11,281,800	860,000	107,846,416	106,324,180
Gas line and pipe fitting	7,943,179	-	-	7,943,179	5,983,945	195,924	-	6,179,869	1,763,310
Factory equipment	30,432,139	-	-	30,432,139	19,660,289	1,077,186	-	20,737,475	9,694,664
Office equipment	2,917,742	-	-	2,917,742	1,641,396	127,634	-	1,769,030	1,148,712
Furniture and fixtures	7,331,345	-	-	7,331,345	5,914,305	141,704	-	6,056,009	1,275,336
Equipment and other assets	207,853,507	16,390,279	(5,309,776)	218,934,010	183,426,532	11,784,028	(2,223,555)	192,987,005	25,947,005
									Three years
Vehicles	91,212,533	19,815,462	-	103,512,135	51,329,718	10,821,895	(6,778,779)	55,372,834	48,139,301
			(7,515,860)						20
2019	6,030,046,920	420,624,959	(143,808,786)	6,306,863,093	2,538,665,099	323,909,031	(89,105,299)	2,773,468,831	3,533,394,262



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Notes to the financial statements

For the year ended June 30, 2020

15.1 Equipment and other assets includes assets amounting to PKR 103,315,668 (2019: PKR 103,315,668) which has been fully depreciated.

		Year ended June 30 2020	Year ended June 30 2019
	NoteRupees.....	
15.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	29	312,111,722	312,817,798
Administrative expenses	32	10,462,877	11,091,233
		322,574,599	323,909,031

15.3 Free hold lands of the Company are located at Ferozwattoan Sheikhpura with an area of 188 Kanal 5 Marla (2019: 188 Kanal 5 Marla), Gajjumata Kasur with an area of 90 Kanal 10 Marla (2019: 90 Kanal 10 Marla), Warburton Sheikhpura 405 Kanal 17 Marla, SITE Nooriabad 2,120 Kanal (2019: 2,210 Kanal) and leasehold lands of the Company are located at SITE Nooriabad with an area of 264 Kanal (2019: 264 Kanal).

15.4 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Book value	Proceeds from disposal of property, plant and equipment	Gain/(loss) on disposal of property, plant and equipment	Mode of disposal	Particulars of buyer
.....Rupees.....							
Plant and machinery							
Comber E-75	15,560,034	14,963,664	596,370	833,236	236,866	Negotiation	Bilal Traders, Flat# 1687 Block B, Samanabad Faisalabad
Air Compressor / Air Dryer	9,973,767	8,583,294	1,390,473	1,750,000	359,527	Negotiation	United Industries , NTN # 1332682-1, D-1 37, S.I.T.E, Karachi
Air Shuttless Looms	37,503,284	30,030,140	7,473,144	8,400,000	926,856	Negotiation	Mico Medicare International NTN # 1779502-8, House 2, Street 9 , Harbuns pura Lahore.
				-			
	63,037,085	53,577,098	9,459,987	10,983,236	1,523,249		
Vehicles							
Honda Civic LEB - 18 - 6642	2,709,166	954,228	1,754,938	3,200,000	1,445,062	Negotiation	Insurance claim
	2,709,166	954,228	1,754,938	3,200,000	1,445,062		
30-Jun-20	65,746,251	54,531,326	11,214,925	14,183,236	2,968,311		
Plant and machinery							
Janbacher Generator	51,551,224	21,063,766	30,487,458	30,487,458	-	Negotiation	Orient Energy Systems (Private) Limited, Karachi
Waukesha Generator	20,964,321	15,029,928	5,934,393	4,900,000	(1,034,393)	Negotiation	Tariq Glass Industries Ltd, 128 J, Model Town Lahore
Waukesha Generator	20,964,321	15,029,928	5,934,393	4,900,000	(1,034,393)	Negotiation	Tariq Glass Industries Ltd, 128 J, Model Town Lahore
Air Jet looms	42,813,060	31,202,898	11,610,162	11,653,354	43,192	Negotiation	Mamco International Ltd, Offshore Aljazeera, Alkhaima, UAE
	136,292,926	82,326,520	53,966,406	51,940,812	(2,025,594)		
Vehicles							
Toyota Corolla ATV-10-648	1,940,900	1,636,708	304,192	400,000	95,808	Negotiation	Mr. Muhammad Muzammil, H # 83, Arif Jan Road, Lahore
Toyota Corolla LRV-859	1,193,705	1,151,312	42,393	150,000	107,607	Negotiation	Mr. Muhammad Abdullah, H # 279D, Faisal Town Lahore
Honda Civic LEB-9331	1,942,000	1,647,953	294,047	300,000	5,953	Negotiation	Mr. Yasir Munir, H # 229, Muslim Town 1 Faisalabad
Toyota Corolla APZ-912	1,018,625	954,459	64,166	100,000	35,834	Negotiation	Mr. Faisal Khan, House # 201-B, Gulistan e Johar Karachi
Toyota Hilux LXP-8889	859,780	844,969	14,811	150,000	135,189	Negotiation	Mr. Imran Arif, H # 49, Farooq Street, Ichra Lahore
Suzuki Cultus LRV-2083	560,850	543,378	17,472	50,000	32,528	Negotiation	Mr. Tariq Yaseen, H # 40/B2, PGECHS Lahore
	7,515,860	6,778,779	737,081	1,150,000	412,919		
30-Jun-19	143,808,786	89,105,299	54,703,487	53,090,812	(1,612,675)		

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Notes to the financial statements For the year ended June 30, 2020

16 Capital Work in Progress		June 30, 2020	June 30, 2019
		PKR	PKR
	Building and other civil works	452,604,939	23,676,544
	Plant and machinery	2,546,657,309	-
	Electric installation	48,015,392	-
	Others	8,390,800	-
		3,055,668,440	23,676,544
17 Long term Investment			
Investment in associates			
	Investment in shares of Blessed Textiles Limited (1,189,160 ordinary shares of Rs. 10 each)	717,433,134	692,574,195
	Cost of investment	11,891,600	11,891,600
	Accumulated share of post acquisition profit - net of dividends received	680,682,595	587,634,501
	Share of profit for the year	78,625,942	117,478,502
	Share of OCI for the year	(2,395,291)	2,920,272
	Dividend received during the year	(51,371,712)	(27,350,680)
		705,541,534	680,682,595
		717,433,134	692,574,195
17.1	Summarized financial information of Blessed Textiles Limited is set out below:		
	Total assets	10,762,029,080	9,128,551,667
	Total liabilities	6,872,481,848	5,373,462,905
	Net assets	3,889,547,232	3,755,088,762
	Company's share of associate's net assets	719,106,652	694,247,723
	Sales- net	12,359,645,877	12,346,174,829
	Profit for the year	425,276,715	635,424,773
	OCI for the year	(12,955,795)	15,795,341
	Company's share of associate's profit for the year	78,625,942	117,478,502
	Company's share of OCI for the year	(2,395,291)	2,920,272
17.2	Market value per share	289.90	239.90
	Percentage of holding	18.49%	18.49%
18 Long Term Deposits		June 30, 2020	June 30, 2019
		PKR	PKR
	Security deposits	9,983,835	9,079,335
	Others deposits	556,800	556,800
		10,540,635	9,636,135
18.1	It includes security deposit amounting to Rs. 20,000 given to Admiral (Private) Limited, an associated company, against rent of building.		
19 Stores, Spare Parts and Loose Tools			
	Stores, spare parts and loose tools	114,557,432	86,050,899
	Packing material	11,755,538	10,044,945
		126,312,970	96,095,844
	Provision for slow moving store items	(1,772,944)	(1,772,944)
		124,540,026	94,322,900
19.1	Provision for slow moving items comprises;		
	Balance at the beginning of the year	1,772,944	1,772,944
	Recognized during the year	-	-
	Written off during the year	-	-
	Balance at the end of the year	1,772,944	1,772,944
20 Stock in Trade			
	Raw material	4,978,907,104	3,290,142,406
	Raw material in transit	9,015,486	56,699,716
	Work in process	148,196,904	149,100,120
	Finished goods	990,814,906	508,514,423
	Waste	1,068,511	810,988
		6,128,002,911	4,005,267,653
20.1	Raw material stock cost PKR 5,209.42 Million (2019: Nil) have been valued at PKR 4,550.75 Million (2019: Nil) being the replacement cost of raw material. The amount charge to profit and loss in respect of raw material written down to net realizable value is Rs. 658.67 million (2019: Nil).		
20.2	Finished Goods stock cost PKR 31.435 Million (2019: Nil) have been valued at PKR 26.719 Million (2019: Nil) being the net realizable value of finished goods. The amount charge to profit and loss in respect of Finished Goods written down to net realizable value is Rs. 4.715 million (2019: Nil).		
20.3	No item of stock in trade is pledged as security as at the reporting date.		

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Notes to the financial statements For the year ended June 30, 2020

		June 30, 2020	June 30, 2019
		PKR	PKR
28	Sales - Net		
	Export		
	Yarn	7,068,645,390	6,000,846,912
	Fabric	4,638,910,290	4,145,834,285
	Export rebate	11,707,555,680	10,146,681,197
		22,044,587	171,446,733
		11,729,600,267	10,318,127,930
	Local		
	Yarn	305,950,254	567,534,125
	Fabric	3,314,277,899	2,988,022,174
	Waste and others	173,219,906	155,306,651
		3,793,448,059	3,710,862,950
	Gross sales	15,523,048,326	14,028,990,880
	Sales tax	(627,497,993)	(424,735)
		14,895,550,333	14,028,566,145
28.1	Export sales include PKR 448,341,050 (exclusive of sale tax) (2019: PKR 480,572,080) in respect of indirect export sales.		
28.2	Export sales include exchange gain of PKR 460.221 million (2019: PKR 540.6427 million).		
29	Cost of Sales		
	Raw material consumed	11,786,513,413	10,230,035,285
	Packing material consumed	136,221,363	122,734,911
	Stores and spare parts consumed	222,161,364	188,257,997
	Salaries, wages and benefits	629,069,075	532,443,782
	Fuel, power and water	798,457,280	881,584,827
	Insurance	30,248,508	27,859,040
	Repair and maintenance	11,083,788	12,683,636
	Rent, rates and taxes	1,422,189	1,184,553
	Travelling, conveyance and entertainment	2,613,561	1,022,254
	Vehicle running expenses	11,844,824	9,959,872
	Communication	667,560	626,829
	Fee and subscription	1,430,866	321,700
	Depreciation	312,111,722	312,817,798
	Others	3,147,393	1,955,227
		13,946,992,906	12,323,487,711
	Work in process		
	Opening stock	149,100,120	109,812,941
	Closing stock	(148,196,904)	(149,100,120)
		903,216	(39,287,179)
	Cost of goods manufactured	13,947,896,122	12,284,200,532
	Finished stocks		
	Opening stock	509,325,411	351,095,223
	Finished goods purchased - fabric	19,928,864	18,557,874
	Yarn purchased	-	-
	Closing stock	(991,883,417)	(509,325,411)
		(462,629,142)	(139,672,314)
		13,485,266,980	12,144,528,218
29.1	Raw material consumed		
	Opening stock	3,346,842,122	1,942,386,963
	Purchases	13,436,726,863	11,647,781,694
	Cost of raw material sold - yarn	(9,132,982)	(13,291,250)
	Closing stock	(4,987,922,590)	(3,346,842,122)
		11,786,513,413	10,230,035,285
29.2	Salaries, wages and benefits includes employees retirement benefits amounting to PKR 37,155,167 (June 30, 2019: PKR 35,917,656).		
30	Other Income		
	Income from financial assets		
	Interest on bank deposits	10,751,147	7,082,846
	Reversal of ECL	30,901,415	21,198,704
	Exchange gain on foreign currency translation	1,403,122	2,198,011
	Gain on disposal of fixed assets	2,968,311	-
	Doubtful advances recovered	233,147	-
		46,257,142	30,479,561

Notes to the financial statements For the year ended June 30, 2020

31	Distribution Cost	Note	June 30, 2020	June 30, 2019
			PKR	PKR
	Export			
	Steamer, air freight & forwarding		141,883,788	110,521,664
	Trailer freight		37,189,828	30,888,139
	Clearing and forwarding		35,338,293	15,832,753
	Export development surcharge		27,024,327	25,001,044
	Commission		93,636,464	109,326,573
	Sales promotion expenses		14,451,791	15,959,218
	Insurance expenses		4,288,267	4,911,132
	Claim settlement		4,760,640	-
	Other export expenses		4,832,350	13,620,393
			363,405,748	326,060,916
	Local			
	Freight on local sales		8,198,280	11,403,928
	Commission		16,706,574	21,884,253
	Others		165,110	342,280
			25,069,964	33,630,461
			388,475,712	359,691,377
32	Administrative Expenses			
	Directors' remuneration		9,000,000	11,700,000
	Staff salaries and benefits	32.1	84,717,498	70,203,771
	Traveling, conveyance and entertainment		10,914,062	7,914,498
	Printing and stationery		2,575,943	2,546,115
	Communication expenses		1,168,616	1,051,895
	Vehicles running and maintenance		8,468,812	6,978,287
	Legal and professional		3,790,557	667,000
	Auditors' remuneration	32.2	1,953,000	1,791,000
	Fee and subscription		4,198,198	5,589,600
	Repair and maintenance		-	54,500
	Rent, rates and taxes		1,147,541	1,126,772
	Depreciation	15.2	10,462,877	11,091,233
	Charity and donation	32.3	1,750,000	1,600,000
	Provision for ECL		23,509,524	93,736,350
	Software license renewal and maintenance fee		491,028	334,272
	Others		3,560,581	1,821,607
			167,708,237	218,206,900
32.1	Staff salaries and benefits includes employee retirement benefits amounting to PKR 5,786,708 (June 30, 2019: PKR 5,602,550).			
32.2	Auditors' remuneration	Note		
	Annual statutory audit		1,683,000	1,530,000
	Half yearly review		190,000	181,000
	Review of Code of Corporate Governance		80,000	80,000
			1,953,000	1,791,000
32.3	Donation amounting to Rs. 1,000,000 was paid to Razia Sheikh Welfare Trust Gulberg, Lahore. No director or his spouse had any interest in the donee.			
33	Other Operating Expenses	Note		
	Workers' Profit Participation Fund	9.2	32,791,940	52,440,648
	Workers' Welfare Fund		8,963,156	7,124,477
	Loss on disposal of property, plant and equipment	15.4	-	1,612,675
			41,755,096	61,177,800
34	Finance Cost	Note		
	Mark-up on:			
	- long term financing		53,664,129	65,844,978
	- short term borrowings		128,687,773	166,799,262
	- workers' profit participation fund		2,334,395	2,741,588
	Letter of credit discounting		56,973,185	50,743,324
	Bank charges and commission		5,192,659	4,418,693
			246,852,141	290,547,845

Notes to the financial statements For the year ended June 30, 2020

35 Provision for Taxation

35.1 Provision for current tax for the year has been made in accordance with section 18 and section 154 of the Income Tax Ordinance 2001. Income tax assessment of company has been finalized upto tax year 2019. Tax credit under Section 65B of Income Tax Ordinance 2001 amounting to PKR Nil (June 2019: PKR 37,366,744) has been deducted from tax payable.

35.2 The Government of Pakistan notified a reduced tax rate of 29% for tax year 2019 onwards therefore deferred tax has been calculated on said rate.

	June 30, 2020 %	June 30, 2019 %
35.3 Numerical reconciliation between the average tax rate and the applicable tax rate		
Applicable tax rate	29.00	29.00
Tax effect of amounts that are:		
Adjustment of the prior years	-	(0.04)
Income chargeable to tax at different rate	(3.97)	(7.80)
Tax credit	-	(3.79)
Deferred tax	(0.91)	1.31
	(4.88)	(10.33)
Effective tax rate	<u>24.12</u>	<u>18.67</u>

36 Earnings per Share - Basic and Diluted

The calculation of the basic earnings per share is based on the following data:

Earnings

Earnings for the purpose of basic earnings per share - After tax profit for the year

523,879,121 918,499,851

Number of shares

Weighted average number of ordinary shares

10,000,000 10,000,000

Basic earnings per share have been computed by dividing earnings as stated above with weighted average number of ordinary shares.

Basic earnings per share

52.39 91.85

No figure for diluted earnings per share has been presented as the company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

37 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	June 30, 2020 PKR	June 30, 2020 PKR	June 30, 2020 PKR	June 30, 2019 PKR	June 30, 2019 PKR	June 30, 2019 PKR
Remuneration	9,000,000	-	24,748,100	7,800,000	3,900,000	24,599,100
Allowances	-	-	4,983,569	-	-	5,223,992
Post employment benefits	-	-	6,364,860	-	-	5,581,911
	<u>9,000,000</u>	<u>-</u>	<u>36,096,529</u>	<u>7,800,000</u>	<u>3,900,000</u>	<u>35,405,003</u>
Number of persons	<u>1</u>	<u>-</u>	<u>6</u>	<u>1</u>	<u>1</u>	<u>6</u>

37.1 In addition to the above, the Chief Executive Officer and all directors are provided with free use of Company maintained cars and telephone for business use.

37.2 No remuneration to non executive directors have been paid.

38 Related Party Transactions

The related parties comprise holding company, subsidiaries and associated undertakings, other related group companies, directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out sale and purchase of goods and services transactions with various related parties. Names, basis of relationship, nature and description of related party transactions along with monetary value are as follows:

Name of the Company	Basis of relationship	Percentage of shareholding
Bhanero Textiles Limited	Common directorship	N/A
Blessed Textiles Limited	Common directorship	18.49%
Bhanero Energy Limited	Common directorship	N/A
Firhaj Footwear (Private) Limited	Common directorship	N/A
Admiral (Private) Limited	Directorship of close family relative	N/A
Mohammad Salim	Director	0.29%
Yasmeen Begum	Directorship of close family relative	2.39%
Khurram Salim	Director	2.00%
Farrukh Salim	Directorship of close family relative	1.37%
Yousaf Salim	Directorship of close family relative	3.13%
Saqib Salim	Directorship of close family relative	1.99%
Amna Khurram	Directorship of close family relative	1.10%
Sadaf Farrukh	Directorship of close family relative	2.74%
Saba Yousaf	Directorship of close family relative	0.98%
Saba Saqib	Directorship of close family relative	2.12%



Notes to the financial statements For the year ended June 30, 2020

Name of the Company	Basis of relationship	Percentage of shareholding		
Muhammad Umer	Directorship of close family relative	0.97%		
Samia Bilal	Directorship of close family relative	5.34%		
Abdullah Bilal	Directorship of close family relative	3.37%		
Ali Bilal	Directorship of close family relative	3.37%		
Azan Bilal	Directorship of close family relative	3.37%		
Mohammad Shaheen	Director	0.33%		
Seema Shaheen	Directorship of close family relative	3.35%		
Mohammad Amin	Director	4.61%		
Mohammad Qasim	Directorship of close family relative	3.95%		
Fatima Amin	Directorship of close family relative	4.51%		
Mohammad Shakeel	Directorship of close family relative	0.48%		
Nazli Shakeel	Directorship of close family relative	4.29%		
Adil Shakeel	Directorship of close family relative	4.77%		
Faisal Shakeel	Directorship of close family relative	4.77%		
Hamza Shakeel	Director	4.77%		
Nature of relationship	Nature of transactions		2020	2019
Associated undertaking			Rupees	Rupees
	Sales of fabric		104,724,292	7,439,399
	Sales of yarn		61,067,062	15,168,782
	Sale of stores & spares		-	2,340,000
	Purchase of yarn		1,343,879,549	1,191,613,610
	Purchase of cotton & polyester		257,388,684	376,089,802
	Purchase of fabric		21,573,104	3,264,339
	Services received		309,000	309,000
	Dividend received		51,371,712	27,350,680
	Electricity purchased		590,760	83,670,953
Loan received from directors and sponsors			479,337,000	-
Retirement benefits	Provision for gratuity		53,467,507	23,678,617
Key management	Remuneration		9,000,000	11,700,000

Notes to the financial statements

For the year ended June 30, 2020

39 Segment Analysis

The segment information for the reportable segments for the year ended 30th June 2020 is as follows

39.1 Operating Results

Note	Spinning		Weaving		Finishing		Company	
	Jun-20	Jun-19	Jun-20	Jun-19	Jun-20	Jun-19	Jun-20	Jun-19
Sales								
Export sales	7,068,645,390	6,000,846,912	4,638,910,290	4,145,834,285	-	-	11,707,555,680	10,146,681,197
Local sales	432,504,427	675,156,757	3,360,943,632	3,035,706,193	-	-	3,793,448,059	3,710,862,950
Custom rebate	18,919,660	106,807,165	3,124,927	64,639,568	-	-	22,044,587	171,446,733
Inter-segment sales	114,188,450	148,159,450	-	-	-	-	114,188,450	148,159,450
	7,634,257,927	6,930,970,284	8,002,978,849	7,246,180,046	-	-	15,637,236,776	14,177,150,330
Discount and sales tax								
Discount	-	-	-	-	-	-	-	-
Sales tax	(139,123,734)	(343,638)	(488,374,259)	(81,097)	-	-	(627,497,993)	(424,735)
	(139,123,734)	(343,638)	(488,374,259)	(81,097)	-	-	(627,497,993)	(424,735)
Net sales	7,495,134,193	6,930,626,646	7,514,604,590	7,246,098,949	-	-	15,009,738,783	14,176,725,595
Cost of sales	7,260,431,629	5,936,132,221	6,339,023,801	6,356,555,447	-	-	13,599,455,430	12,292,687,668
Gross profit	234,702,564	994,494,425	1,175,580,789	889,543,502	-	-	1,410,283,353	1,884,037,927
Distribution cost	150,622,027	126,695,976	237,853,685	232,995,401	-	-	388,475,712	359,691,377
Administrative cost	70,726,331	64,723,680	96,981,906	153,483,220	-	-	167,708,237	218,206,900
	221,348,358	191,419,656	334,835,591	386,478,621	-	-	556,183,949	577,898,277
Operating result	13,354,206	803,074,769	840,745,198	503,064,881	-	-	854,099,404	1,306,139,650
39.2 Segment assets	6,971,839,174	4,977,796,441	3,939,841,734	3,926,314,251	3,477,193,049	-	14,388,873,957	8,904,110,692
Unallocated assets							1,754,661,847	1,281,165,220
							16,143,535,804	10,185,275,912
39.3 Segment liabilities	5,292,366,654	2,619,069,342	2,089,498,529	2,076,073,459	2,559,026,846		9,940,892,029	4,695,142,801
Unallocated liabilities							265,752,941	209,305,654
							10,206,644,970	4,904,448,455
39.4 Inter-segment pricing								
Transactions among the business segments are recorded at arm's length prices using admissible valuation methods								
There were no major customer of company which formed 10 percent or more of the company's revenue.								
40 Reconciliation of reportable segment turnover, cost of sales, assets and liabilities							June 30, 2020	June 30, 2019
							PKR	PKR
40.1 Turnover								
Total turnover for reportable segments							15,009,738,783	14,176,725,595
Elimination of inter-segment turnover							(114,188,450)	(148,159,450)
Total turnover							14,895,550,333	14,028,566,145
40.2 Cost of sales								
Total cost of sales for reportable segments							13,599,455,430	12,292,687,668
Elimination of inter-segment revenue							(114,188,450)	(148,159,450)
Total cost of sales							13,485,266,980	12,144,528,218
40.3 Assets								
Total assets for reportable segments							14,388,873,957	8,904,110,692
Taxation recoverable							850,648,469	457,264,470
Bank deposits							176,039,609	121,690,420
Long term investment							717,433,134	692,574,195
Long term deposit							10,540,635	9,636,135
Total assets							16,143,535,804	10,185,275,912
40.4 Liabilities								
Total liabilities for reportable segments							9,940,892,029	4,695,142,801
Unclaimed dividends							14,088,849	10,433,759
Infrastructure fee							180,520,625	120,656,804
Deferred taxation							71,143,467	78,215,091
Total liabilities							10,206,644,970	4,904,448,455

FAISAL SPINNING MILLS LIMITED *of Companies*

Notes to the financial statements

For the year ended June 30, 2020

Note	Spinning		Weaving		Finishing		Company	
	Jun-20	Jun-19	Jun-20	Jun-19	Jun-20	Jun-19	Jun-20	Jun-19
41 Cost of sales								
Raw material consumed	6,261,571,175	4,948,772,809	5,639,130,688	5,429,421,926	-	-	11,900,701,863	10,378,194,735
Packing material consumed	110,498,374	98,963,753	25,722,989	23,771,158	-	-	136,221,363	122,734,911
Stores and spare parts	81,467,716	50,398,583	140,693,648	137,859,414	-	-	222,161,364	188,257,997
Salaries, wages and benefits	294,583,630	260,503,510	334,485,445	271,940,272	-	-	629,069,075	532,443,782
Fuel, power and water	-	-	-	-	-	-	-	-
Inter-segment	-	-	-	-	-	-	-	-
Other	406,869,270	338,003,211	391,588,010	543,581,616	-	-	798,457,280	881,584,827
	406,869,270	338,003,211	391,588,010	543,581,616	-	-	798,457,280	881,584,827
Electricity duty	-	-	-	-	-	-	-	-
Insurance	19,088,424	19,357,709	11,160,084	8,501,331	-	-	30,248,508	27,859,040
Repair and maintenance	3,738,490	4,662,641	7,345,298	8,020,995	-	-	11,083,788	12,683,636
Rent, rates and taxes	1,175,509	970,413	246,680	214,140	-	-	1,422,189	1,184,553
Travelling, conveyance and entertainment	730,826	428,207	1,882,735	594,047	-	-	2,613,561	1,022,254
Vehicle running expenses	7,333,233	6,975,233	4,511,591	2,984,639	-	-	11,844,824	9,959,872
Communication	126,659	126,362	540,901	500,467	-	-	667,560	626,829
Fee and subscription	447,912	27,750	982,954	293,950	-	-	1,430,866	321,700
Depreciation	144,831,572	156,413,742	167,280,150	156,404,056	-	-	312,111,722	312,817,798
Others	123,111	88,319	3,024,282	1,866,908	-	-	3,147,393	1,955,227
	7,332,585,901	5,885,692,242	6,728,595,455	6,585,954,919	-	-	14,061,181,356	12,471,647,161
Work in process								
Opening stock	35,201,337	26,311,596	113,898,783	83,501,345	-	-	149,100,120	109,812,941
Closing stock	(36,587,828)	(35,201,337)	(111,609,076)	(113,898,783)	-	-	(148,196,904)	(149,100,120)
	(1,386,491)	(8,889,741)	2,289,707	(30,397,438)	-	-	903,216	(39,287,179)
Cost of goods manufactured	7,331,199,410	5,876,802,501	6,730,885,162	6,555,557,481	-	-	14,062,084,572	12,432,359,982
Cost of cotton sold	-	-	-	-	-	-	-	-
Finished stocks								
Opening stock	124,582,118	181,964,742	384,743,293	169,130,481	-	-	509,325,411	351,095,223
Finished goods purchased	1,514,893	1,947,096	18,413,971	16,610,778	-	-	19,928,864	18,557,874
Yarn purchased	-	-	-	-	-	-	-	-
Closing stock	(196,864,792)	(124,582,118)	(795,018,625)	(384,743,293)	-	-	(991,883,417)	(509,325,411)
	(70,767,781)	59,329,720	(391,861,361)	(199,002,034)	-	-	(462,629,142)	(139,672,314)
	7,260,431,629	5,936,132,221	6,339,023,801	6,356,555,447	-	-	13,599,455,430	12,292,687,668

Note	Spinning		Weaving		Finishing		Company	
	Jun-20	Jun-19	Jun-20	Jun-19	Jun-20	Jun-19	Jun-20	Jun-19
41.1 Raw material consumed								
Opening stock	2,679,301,143	1,656,536,824	667,540,979	285,850,139	-	-	3,346,842,122	1,942,386,963
Purchases								
Inter-segment	-	-	114,188,450	148,159,450	-	-	114,188,450	148,159,450
Other	8,133,022,010	5,971,537,128	5,303,704,853	5,676,244,566	-	-	13,436,726,863	11,647,781,694
	8,133,022,010	5,971,537,128	5,417,893,303	5,824,404,016	-	-	13,550,915,313	11,795,941,144
Raw material sold - cotton	-	-	-	-	-	-	-	-
Raw material sold - yarn	-	-	(9,132,982)	(13,291,250)	-	-	(9,132,982)	(13,291,250)
Raw material - Impaired / lost	-	-	-	-	-	-	-	-
Closing stock	(4,550,751,978)	(2,679,301,143)	(437,170,612)	(667,540,979)	-	-	(4,987,922,590)	(3,346,842,122)
	6,261,571,175	4,948,772,809	5,639,130,688	5,429,421,926	-	-	11,900,701,863	10,378,194,735
42 Distribution cost								
Export								
Steamer and air freight	70,005,638	55,459,540	71,878,150	55,062,124	-	-	141,883,788	110,521,664
Trailer freight	19,102,071	15,427,937	18,087,757	15,460,202	-	-	37,189,828	30,888,139
Clearing and forwarding	-	-	35,338,293	15,832,753	-	-	35,338,293	15,832,753
Export development surcharge	15,637,143	14,717,170	11,387,184	10,283,874	-	-	27,024,327	25,001,044
Commission	28,313,415	17,085,300	65,323,049	92,241,273	-	-	93,636,464	109,326,573
Sales promotion expenses	670,411	635,076	13,781,380	15,324,142	-	-	14,451,791	15,959,218
Adhesive stamps	-	-	4,288,267	4,911,132	-	-	4,288,267	4,911,132
Claim settlement	6,546,427	-	(1,785,787)	-	-	-	4,760,640	-
Other export expenses	239,732	5,381,146	4,592,618	8,239,247	-	-	4,832,350	13,620,393
	140,514,837	108,706,169	222,890,911	217,354,747	-	-	363,405,748	326,060,916
Local								
Freight on local sales	4,505,200	10,130,203	3,693,080	1,273,725	-	-	8,198,280	11,403,928
Commission	5,579,555	7,816,741	11,127,019	14,067,512	-	-	16,706,574	21,884,253
Others	22,435	42,863	142,675	299,417	-	-	165,110	342,280
	10,107,190	17,989,807	14,962,774	15,640,654	-	-	25,069,964	33,630,461
	150,622,027	126,695,976	237,853,685	232,995,401	-	-	388,475,712	359,691,377

Notes to the financial statements

For the year ended June 30, 2020

Note	Spinning		Weaving		Finishing		Company	
	Jun-20	Jun-19	Jun-20	Jun-19	Jun-20	Jun-19	Jun-20	Jun-19
43 Administrative cost								
Directors' remuneration	9,000,000	11,700,000	-	-	-	-	9,000,000	11,700,000
Staff salaries and benefits	46,996,941	39,756,745	37,720,557	30,447,026	-	-	84,717,498	70,203,771
Traveling, conveyance and entertainment	884,984	809,479	10,029,078	7,105,019	-	-	10,914,062	7,914,498
Printing and stationery	280,120	261,525	2,295,823	2,284,590	-	-	2,575,943	2,546,115
Communication expenses	189,236	241,578	979,380	810,317	-	-	1,168,616	1,051,895
Vehicles running and maintenance	1,804,879	1,133,484	6,663,933	5,844,803	-	-	8,468,812	6,978,287
Legal and professional	750,000	165,000	3,040,557	502,000	-	-	3,790,557	667,000
Auditors' remuneration	976,500	891,500	976,500	899,500	-	-	1,953,000	1,791,000
Fee and subscription	3,552,429	4,747,528	645,769	842,072	-	-	4,198,198	5,589,600
Repair and maintenance	-	-	-	54,500	-	-	-	54,500
Rent, rates and taxes	1,147,541	1,126,772	-	-	-	-	1,147,541	1,126,772
Office expenses	-	-	-	-	-	-	-	-
Depreciation	2,968,992	3,240,833	7,493,885	7,850,400	-	-	10,462,877	11,091,233
Charity and donation	-	-	1,750,000	1,600,000	-	-	1,750,000	1,600,000
Inadmissible input	-	-	-	-	-	-	-	-
Bad debts expenses	-	-	23,509,524	93,736,350	-	-	23,509,524	93,736,350
Software license renewal and maintenance fee	347,643	334,272	143,385	-	-	-	491,028	334,272
Others	1,827,066	314,964	1,733,515	1,506,643	-	-	3,560,581	1,821,607
	70,726,331	64,723,680	96,981,906	153,483,220	-	-	167,708,237	218,206,900



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Notes to the financial statements

For the year ended June 30, 2020

44 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arms length transaction. As at June 30, 2020 the net fair value of all financial instruments has been based on the valuation methodology outlined below:-

Long-term deposits

Long term deposits does not carry any rate of return. The fair value of it has been taken at book value as it is not considered materially different and readily exchangeable.

Non-current liabilities

For all non-current liabilities except for loan from sponsors, the fair values have been taken at book values as these are not considered materially different based on the current market rates of return and reprising profiles of similar non-current liabilities.

Other financial instruments

The fair values of all other financial instruments are considered to approximate their book values as they are short term in nature.

The analysis of yield / mark-up rate risk is as under:

	2020							Effective Interest Rate %
	Interest / Markup bearing			Non Interest / Markup bearing			Total Rupees	
	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees		
Financial assets								
Trade debts	-	-	-	823,685,053	-	823,685,053	823,685,053	
Loans and advances	-	-	-	3,589,614	-	3,589,614	3,589,614	
Trade deposits	176,039,609	-	176,039,609	-	-	-	176,039,609	4.5 to 10.25
Other receivables	-	-	-	77,853,981	-	77,853,981	77,853,981	
Bank balance	40,268	-	40,268	235,000,122	-	235,000,122	235,040,390	
Long-term deposits	-	-	-	-	10,540,635	10,540,635	10,540,635	
Long term investments	-	-	-	-	717,433,134	717,433,134	717,433,134	
	176,079,877	-	176,079,877	1,140,128,770	727,973,769	1,868,102,539	2,044,182,416	
Financial liabilities								
Long-term financing	50,867,978	4,073,590,976	4,124,458,954	-	-	-	4,124,458,954	2.5 to 13.5 and KIBOR + 0.5 to 0.75
Trade and other payables	32,791,940	-	32,791,940	855,855,099	-	855,855,099	888,647,039	
Mark-up accrued on loans	-	-	-	101,145,281	-	101,145,281	101,145,281	
Short-term borrowings	3,876,008,889	-	3,876,008,889	-	-	-	3,876,008,889	KIBOR + 0.1 to 2
	3,959,668,807	4,073,590,976	8,033,259,783	957,000,380	-	957,000,380	8,990,260,163	
On balance sheet gap	(3,783,588,930)	(4,073,590,976)	(7,857,179,906)	183,128,390	727,973,769	911,102,159	(6,946,077,747)	
	2019							
	Interest / Markup bearing			Non Interest / Markup bearing			Total Rupees	Effective Interest Rate %
	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees		
Financial assets								
Trade debts	-	-	-	991,416,896	-	991,416,896	991,416,896	
Loans and advances	-	-	-	7,826,191	-	7,826,191	7,826,191	
Trade deposits	121,690,420	-	121,690,420	-	-	-	121,690,420	4.5 to 10.25
Other receivables	-	-	-	19,617,557	-	19,617,557	19,617,557	
Bank balances	39,004	-	39,004	165,907,106	-	165,907,106	165,946,110	
Long-term deposits	-	-	-	-	9,636,135	9,636,135	9,636,135	
Long term investments	-	-	-	-	692,574,195	692,574,195	692,574,195	
	121,729,424	-	121,729,424	1,184,767,750	702,210,330	1,886,978,080	2,008,707,504	
Financial liabilities								
Long-term financing	226,341,724	1,478,483,866	1,704,825,590	-	-	-	1,704,825,590	2.5 to 13.5 and KIBOR + 0.5 to 0.75
Trade and other payables	52,440,648	-	52,440,648	627,511,132	-	627,511,132	679,951,780	
Mark-up accrued on loans	-	-	-	56,990,253	-	56,990,253	56,990,253	
Short-term borrowings	1,430,911,134	-	1,430,911,134	-	-	-	1,430,911,134	KIBOR + 0.1 to 2
	1,709,693,506	1,478,483,866	3,188,177,372	684,501,385	-	684,501,385	3,872,678,757	
On balance sheet gap	(1,587,964,082)	(1,478,483,866)	(3,066,447,948)	500,266,365	702,210,330	1,202,476,695	(1,863,971,253)	

Notes to the financial statements For the year ended June 30, 2020

44.1 Interest rate risk management

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. Changes in interest rates can affect the rates charged on interest bearing liabilities. This can result in an increase in interest expense relative to financial borrowings or vice versa. The Company manages its risk by interest rate swapping, maintaining a fair balance between interest rates and financial assets and financial liabilities. The effective interest rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

44.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. Out of the total financial assets of PKR 2,043,803,225 (June 30, 2019: PKR 2,005,867,119), unsecured local trade debts, advances to suppliers, and other advances amounting in aggregate to PKR 905,139,768 (June 30, 2019: PKR 1,018,860,644) are subject to credit risk. The Company manages its credit risk by; limiting significant exposure to any individual customers and obtaining advance against sales.

44.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The management closely monitors the Company's liquidity and cash flow position. This includes

maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

44.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As at June 30, 2020, the total foreign currency risk exposure was PKR 562,285,929 (June 30, 2019: PKR 540,972,507) in respect of foreign trade debts.



Notes to the financial statements For the year ended June 30, 2020

44.5 Credit risk

44.5.1 Maximum credit exposure

The carrying amount of financial assets, excluding cash in hand, represents maximum credit exposure. The maximum exposure to credit risk as at the reporting date is:

	<i>Note</i>	June 30, 2020 Rupees	June 30, 2019 Rupees
Loans and receivables:			
Long term deposits		10,540,635	9,636,135
Loan and advances		66,949,338	48,200,071
Trade receivables		823,685,053	991,416,896
Deposit with financial institutions		179,366,329	122,676,103
Other receivables		77,853,981	19,617,557
Cash at banks		235,040,390	165,946,110
		1,393,435,726	1,357,492,872

44.5.2 Concentration of credit risk

Maximum exposure to credit risk by geographical region as at the reporting date is:

Domestic	267,210,185	456,561,291
Europe	244,405,714	124,743,018
Asia and Middle East	312,069,154	393,207,895
USA	-	16,904,692
	823,685,053	991,416,896

44.5.3 Impairment losses

The ageing of trade debts as at the reporting date is as follows:

Not past due	721,425,828	634,782,322
Past dues less than one year	102,259,221	319,328,952
Past dues more than one year but less than three years	95,597,195	131,041,972
Past dues more than three years	60,909,711	70,162,446
	980,191,955	1,155,315,692
Impairment	(156,506,905)	(163,898,796)
	823,685,050	991,416,896

The movement in allowance for impairment in respect of trade debts during the year is as follows:

As at beginning of the year	163,898,796	91,361,150
Impairment loss recognized	23,509,524	93,736,350
Impairment loss reversed	(30,901,415)	(21,198,704)
As at end of the year	156,506,905	163,898,796

Credit quality of counter parties is assessed based on historical default rates. All trade debts not past due are considered good. The management believes that allowance for impairment of trade debts past dues is not necessary, as these comprise amounts due from old customers, which have been re-negotiated from time to time and are also considered good.

44.5.4 Collateral held

The Company does not hold collateral to secure its loans and receivables. However, foreign trade receivables of the Company are secured through letters of credits and exposure to credit risk in respect of these is minimal.

FAISAL SPINNING MILLS LIMITED

Notes to the financial statements

For the year ended June 30, 2020

44.6 Liquidity risk

Following are the contractual maturities of financial liabilities, including estimated interest payments

	As at June 30, 2020				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term financing	4,124,458,954	4,696,333,445	305,955,678	2,793,477,305	1,596,900,462
Short term borrowings	3,876,008,889	4,186,864,802	4,186,864,802	-	-
Accrued markup / interest	101,145,281	108,477,445	108,477,445	-	-
Trade creditors	587,749,717	587,749,717	587,749,717	-	-
Accrued liabilities	212,275,333	212,275,333	212,275,333	-	-
Unclaimed dividend	14,088,849	14,088,849	14,088,849	-	-
Other payables	88,621,989	88,621,989	88,621,989	-	-
	9,483,686,012	10,373,748,580	5,983,370,813	2,793,477,305	1,596,900,462

	As at June 30, 2019				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term financing	1,704,825,590	1,891,367,508	271,471,088	1,041,289,765	578,606,655
Short term borrowings	1,430,911,134	1,545,670,207	1,545,670,207	-	-
Accrued markup / interest	56,990,253	64,322,417	64,322,417	-	-
Trade creditors	274,328,395	274,328,395	274,328,395	-	-
Accrued liabilities	257,753,872	257,753,872	257,753,872	-	-
Unclaimed dividend	10,433,759	10,433,759	10,433,759	-	-
Other payables	147,869,513	147,869,513	147,869,513	-	-
	3,883,112,516	4,191,745,671	2,571,849,251	1,041,289,765	578,606,655

44.7 Market risk

44.7.1 Currency risk

a) The Company's exposure to currency risk as at the reporting date is as follows:

Trade receivables	556,474,868	534,855,605
Cash and cash equivalents	5,811,061	6,116,902
Total exposure	562,285,929	540,972,507

b) Exchange rates applied as at the reporting date.

The following spot exchange rates were applied as at the reporting date wherever applicable.

	2020		2019	
	Assets Rupees	Liabilities Rupees	Assets Rupees	Liabilities Rupees
CHF	-	177.43	-	168.03
JPY	-	1.57	-	1.52
Euro	189.11	189.37	186.99	186.37
USD	168.25	168.25	164.00	164.50

A ten percent appreciation in Rupee would have decreased profit or loss by PKR 56,228,592(2019: PKR 54,097,251). A ten percent depreciation would have had the equal but opposite effect on profit or loss. This sensitivity analysis based on assumption that all variables, with the exception of foreign exchange rates, remain unchanged.

Notes to the financial statements For the year ended June 30, 2020

	June 30, 2020 Rupees	June 30, 2019 Rupees
44.7.2 Interest rate risk		
The interest rate profile the Company's interest bearing financial instruments as at the reporting date is as follows:		
Fixed rate instruments		
Financial assets	176,079,877	121,729,424
Financial liabilities	4,060,110,324	1,628,747,902
Variable rate instruments		
Financial assets	-	-
Financial liabilities	3,940,357,519	1,506,988,822

The Company is not exposed to interest rate risk in respect of its fixed rate instruments. A 100 basis points increase in variable interest rates would have decreased profit or loss by PKR 39,403,575 (2019: PKR 15,069,888). A 100 basis points increase in variable interest rate would have had an equal but opposite impact on profit or loss.

44.8 Fair values

Fair value is a price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

Notes to the financial statements

For the year ended June 30, 2020

45 Accounting Estimates and Judgments

45.1 Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

45.2 Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.

45.3 Property, plant and equipment

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

45.4 Stock-in-trade and stores and spares

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with a corresponding effect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

45.5 Interest rate and cross currency swap

The Company has entered into various interest rates and cross currency swap over the last year. The calculation involves use of estimates with regard to interest and foreign currency rates which fluctuate with the market forces.

46 PLANT CAPACITY AND ACTUAL PRODUCTION

2020

2019

46.1 Spinning unit

Number of spindles installed	38,208	38,208
Installed capacity in kilograms	23,485,861	23,485,861
Actual production of yarn in kilograms.	20,628,185	19,448,902

46.2 Weaving unit

Number of looms installed	265	265
Installed capacity in meters, after conversion into 50 picks	64,308,255	64,308,255
Actual production of fabric in meters	43,789,732	44,560,931

46.3 It is difficult to precisely describe production capacity and the resultant production in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw material used, spindle speed, twist etc. in case of spinning. In case of weaving fluctuation depends on factors such as loom width, width of fabric produced, type of yarn used etc. It would vary accordingly to the pattern of production adopted in a particular year.

46.4 The difference between installed capacity and actual production is in normal course of business.

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the board of directors of the Company and authorized for issue on September 29, 2020.

48 NUMBER OF EMPLOYEES

2020

2019

As at the reporting date	1,078	1,009
Average for the year	1,037	1,010

49 CORRESPONDING FIGURES

49.1 Figures have been rounded off to the nearest rupee. Corresponding figures have been re-arranged where necessary to facilitate comparison. However, no significant reclassification has been made.

50 GENERAL

The figures have been rounded off to the nearest Rupee.

Bilal Sharif
Chief Executive

Mohammad Salim
Director

Anwar Hussain
Chief Financial Officer

FAISAL SPINNING MILLS LIMITED

Year-Wise Operating Data

2020	2019	2018	2017	2016	2015
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Spinning Unit

Spindle installed	38,208	38,208	38,208	38,208	38,208	38,208
Spindles worked - Average	38,208	38,208	38,208	38,208	38,208	38,208
Installed capacity after conversion into 20/s count - Kg	23,485,861	24,916,086	25,162,427	22,505,869	24,308,191	24,516,987
Actual production - Kg	20,628,185	19,448,902	20,089,558	19,910,812	19,511,917	19,185,613

Weaving Unit

Air jet looms installed	265	265	265	265	265	263
Air jet looms worked	265	265	265	265	265	263
Installed capacity after conversion into 50 picks - Meter	64,308,255	64,308,255	41,780,006	41,780,006	41,550,746	41,237,155
Actual production - Meter	43,789,732	44,560,931	41,522,501	38,862,180	35,797,770	32,012,776

Year-Wise Financial Data

2020	2019	2018	2017	2016	2015
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Rupees in Thousands

Profit and loss account

Turnover (Net)	14,895,550	14,028,566	11,842,981	10,563,662	9,281,954	9,281,027
Gross profit	1,410,283	1,884,038	1,308,462	1,046,982	675,979	807,076
Operating profit	858,601	1,275,441	790,664	603,438	301,813	449,623
Financial expenses	246,852	290,548	137,361	154,387	143,489	211,756
Share profit of associate	78,626	117,479	68,124	45,443	19,646	15,160
Profit before tax	690,375	1,102,372	721,427	494,494	177,970	253,027
Profit after tax	523,879	918,500	577,855	430,994	169,214	174,549
Cash dividend	150,000	185,000	232,000	172,500	50,000	50,000

Balance Sheet

Share capital	100,000	100,000	100,000	100,000	100,000	100,000
Reserves	5,300,000	4,900,000	4,200,000	3,890,000	3,650,000	3,400,000
Shareholder equity	5,936,891	5,280,827	4,575,102	4,171,012	3,790,302	3,664,386
Long term liabilities	4,073,591	1,478,484	1,475,536	1,626,136	1,354,512	704,433
Short term loan	3,876,009	1,430,911	645,652	164,040	752,996	-
Current liabilities	5,006,663	2,467,436	1,496,635	902,957	1,640,897	886,126
Current portion of long term loans	55,003	226,342	224,493	160,431	123,681	320,820
Fixed assets	3,860,627	3,533,394	3,491,382	3,256,739	3,196,193	2,466,091
Current assets	8,499,266	5,925,995	4,245,853	3,269,374	3,290,312	2,465,022

Ratios

Performance

Sales growth percentage - Year to Year basis	6.18%	18.45%	12.11%	13.81%	0.01%	-5.11%
Gross profit (%)	9.47%	13.43%	11.05%	9.91%	7.28%	8.70%
Profit before tax (%)	4.63%	7.86%	6.09%	4.68%	1.92%	2.73%
Profit after tax (%)	3.52%	6.55%	4.88%	4.08%	1.82%	1.88%

Breakup value per share - Rupees per share	593.69	528.08	457.51	417.10	379.03	366.44
Market value of share - at the year end - Rupees per share	251.00	237.50	300.00	289.13	141.00	146.00

Earnings per share - Rupees per share	52.39	91.85	57.79	43.10	16.92	17.45
Price earning ratio	4.79	2.59	5.19	6.71	8.33	8.36

Leverage

Gearing ratio	1.35	0.59	0.51	0.47	0.59	0.28
Debt to equity (%)	68.61%	28.00%	32.25%	38.99%	35.74%	19.22%
Interest covering ratio	3.80	4.79	6.25	4.20	2.24	2.19

Liquidity ratio

Current ratio	1.70	2.40	2.84	3.62	2.01	2.78
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PATTERN OF SHAREHOLDING AS AT JUNE 30, 2020

NUMBERS OF SHAREHOLDERS	SHARE HOLDING		TOTAL SHARES	PERCENTAGE
	FROM	TO		
369	1	100	10,914	0.11
339	101	500	155,761	1.56
29	501	1000	27,083	0.27
39	1001	5000	100,800	1.01
9	5001	10000	58,900	0.59
4	10001	15000	47,842	0.48
1	15001	20000	18,000	0.18
1	20001	25000	25,000	0.25
1	25001	30000	28,846	0.29
1	30001	35000	32,692	0.33
1	35001	40000	37,900	0.38
2	45001	50000	98,077	0.98
2	50001	55000	106,100	1.06
3	95001	100000	294,923	2.95
1	105001	110000	109,500	1.10
1	120001	125000	121,900	1.22
1	135001	140000	136,919	1.37
1	195001	200000	199,055	1.99
1	200001	205000	200,380	2.00
1	210001	215000	211,500	2.12
1	220001	225000	222,700	2.23
1	230001	235000	235,000	2.35
1	235001	240000	237,577	2.38
1	270001	275000	274,000	2.74
1	310001	315000	312,688	3.13
1	330001	335000	334,915	3.35
3	335001	340000	1,011,980	10.12
1	360001	365000	363,841	3.64
1	395001	400000	395,216	3.95
1	425001	430000	429,244	4.29
1	450001	455000	451,000	4.51
1	460001	465000	460,923	4.61
3	475001	480000	1,431,964	14.32
1	530001	535000	533,960	5.34
1	1280001	1285000	1,282,900	12.83
826			10,000,000	100.00

* Note: The slabs representing nil holding have been omitted.

FAISAL SPINNING MILLS LIMITED

AS AT JUNE 30, 2020

Sr #	Shareholder Category	Percentage	No. of Shares
1	ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES		
	ADMIRAL (PVT) LTD	12.83	1,282,900
	MR. MOHAMMAD SHAKEEL	0.48	48,077
	MR. ADIL SHAKEEL	4.77	477,321
	MR. FARRUKH SALEEM	1.37	136,919
	MR. YOUSUF SALEEM	3.13	312,688
	MR. SAQIB SALEEM	1.99	199,055
	MR. MUHAMMAD QASIM	3.95	395,216
	MR. FAISAL SHAKEEL	4.77	477,321
	MR. ABDULLAH BILAL	3.37	337,257
	MR. UMER KHURRAM	0.97	97,000
	MRS. MARIUM ADIL	0.01	500
	MRS. NAZLI BEGUM	4.29	429,244
	MRS. SABA YOUSUF	0.98	97,923
	MRS. SABA SAQIB	2.12	211,500
	MRS. SADAF FARRUKH	2.74	274,000
	MRS. SUMBUL HUSSAIN	2.35	235,000
2	NIT		
	INVESTMENT CORPORATION OF PAKISTAN	0.01	500
3	CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN		
	MR. MUHAMMAD SALEEM	0.29	28,846
	MR. MUHAMMAD SHAHEEN	0.33	32,692
	MR. KHURRAM SALEEM	2.00	200,380
	MR. BILAL SHARIF	3.64	363,841
	MR. MUHAMMAD AMIN	4.61	460,923
	MR. HAMZA SHAKEEL	4.77	477,322
	MR. IQBAL MEHBOOB VOHRA	0.01	500
	MR. ASIF ELAHI	0.01	500
	MR. MUSTAFA TANVIR	0.01	500
	MRS. YASMIN BEGUM	2.39	238,577
	MRS. SEEMA BEGUM	3.35	334,915
	MRS. AMNA KHURRAM	1.10	109,500
	MRS. SAMIA BILAL	5.34	533,960
	MRS. FATIMA AMIN	4.51	451,000
	MASTER ALI BILAL	3.37	337,361
	MASTER AZAAN BILAL	3.37	337,362
4	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODABARAS AND MUTUAL FUNDS		
	NATIONAL DEVELOPMENT FINANCE CORPORATION (INVESTAR)	0.04	3,600
	STATE LIFE INSURANCE CORPORATION OF PAKISTAN	2.23	222,700
	FIRST TRI-STAR MODARABA	0.00	100




Sr #	Shareholder Category	Percentage	No. of Shares
5	JOINT STOCK COMPANIES		
	TAURUS SECURITIES LIMITED	0.01	500
	MRA SECURITIES LIMITED-MF	0.00	100
6	OTHER COMPANIES	0.01	501
7	INDIVIDUAL SHAREHOLDERS	8.52	851,899
	TOTAL	<u><u>100.00</u></u>	<u><u>10,000,000</u></u>
8	DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN	NIL	NIL
9	SHAREHOLDERS HOLDING 05% OR MORE		
	ADMIRAL (PVT) LTD	12.83	1,282,900
	MRS. SAMIA BILAL	5.34	533,960


CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2020



SR #	CATEGORIES OF SHAREHOLDERS	NUMBERS OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Director's, CEO, Their Spouse and Minor Children	17	3,908,179	39.08
2	Associated Companies, Undertaking and Related Parties	16	5,011,921	50.12
3	NIT / ICP	1	500	0.01
4	Bank / Financial Institution	1	3,600	0.04
5	Insurance Company	1	222,700	2.23
6	Modaraba & Mutual Funds	1	100	0.00
7	General Public / Individuals	785	851,899	8.52
8	Other Companies	2	501	0.01
9	Joint Stock Companies	2	600	0.01
		826	10,000,000	100.00

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















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اعتراف

میں بورڈ آف ڈائریکٹرز، قابل قدر حصص یافتگان، صارفین، بینکروں، سپلائرز اور دیگر اسٹیک ہولڈرز کی ان کی حمایت، اعتماد اور اعتماد کے لئے انتہائی مقروض ہوں۔ میں بھی تمام ملازمین کی وفاداری سے لگن اور محنت کے لئے ان کی تعریف کرتا ہوں جس سے کمپنی کو اپنے مقاصد حاصل کرنے میں مدد ملی۔
بورڈ کے لئے اور اس کی طرف سے

محمد سلیم

ڈائریکٹر

کراچی: 29 ستمبر 2020

بلال شریف

چیف ایگزیکٹو

نے ویڈیو میٹنگ پلیٹ فارمز اور ایپس کے ذریعہ دستیاب سہولیات کا پوری طرح سے استعمال کیا۔ کمپنی کی صحت، حفاظت اور ماحولیات کی پالیسی کے بیان سے صحت، خطرے کو دور کرنے یا تمام کارکنوں، ٹھیکیداروں اور زائرین کی حفاظت، اور بائیں صورتحال کی جانچ کے اوقات میں کسی اور کے خطرات کو کم کرنے کی ہر ممکن کوشش کرتے ہوئے خوشگوار اور قابل عمل ماحول کا مظاہرہ ہوتا ہے۔

ڈائریکٹرز معاوضے کی پالیسی

ایگزیکٹو ڈائریکٹرز کی معاوضہ پالیسی کی خصوصیت کو انسانی وسائل اور معاوضہ کمیٹی (ایچ آر آر سی) نے بورڈ ایکٹ برائے کمپنیز ایکٹ 2017، کمپنیوں کے آرٹیکل آف ایسوسی ایشن اور کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019 کے تحت تیار اور تجویز کیا ہے۔

ایگزیکٹو ڈائریکٹرز کی معاوضہ مارکیٹ کی مسابقت پر غور کرتے ہوئے طے کیا جاتا ہے جو ایک جیسی کمپنیوں میں مماثلت رکھتا ہے، جبکہ بورڈ کی اسائنمنٹس کے دائرہ کار اور سالانہ اجلاسوں پر بھی اہلیت، تجربے، دائرہ کار پر غور کرتے ہوئے۔

ایگزیکٹو ڈائریکٹرز، ایچ آر آر سی کی طرف سے تجویز کردہ مقررہ ماہانہ معاوضے اور دیگر اجازت ناموں کے حقدار ہیں جن کو بورڈ نے باقاعدہ طور پر منظور کیا اور کمپنی کے عمومی اجلاس میں ممبروں کی منظوری کے بعد:

مسٹر یال شریف سلیم۔ سی ای او

PKR کی ماہانہ معاوضہ 800.00.00۔

کمپنی نے گاڑی کو ایندھن کے ساتھ برقرار رکھا اور سالانہ 800.00.00 پی کے آر کے اخراجات کی مرمت کی۔

ذاتی اور آفس استعمال کے ل Mobile موبائل فون سالانہ 125، 000.00 کے حساب سے۔

اصل بنیاد پر کاروباری سفر خرچ

غیر ایگزیکٹو یا آزاد ڈائریکٹرز کو کسی بھی قسم کی فیس یا معاوضے کی ادائیگی نہیں کی گئی ہے۔

قانونی آڈیٹر

موجودہ آڈیٹر کی میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکائونٹنٹس، 27 اکتوبر 2020 کو شیڈول ہونے والے سالانہ عمومی اجلاس کے اختتام پر ریٹائر ہو جائیں گے، البتہ اہل ہونے کے بعد انہوں نے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ آڈٹ کمیٹی نے 30 جون 2021 کو ختم ہونے والے سال کے لئے میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکائونٹنٹس کی تقرری کی تجویز دی ہے۔ بیرونی آڈیٹر میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکائونٹنٹس کو کوآپریٹو کنٹرول کے تحت اطمینان بخش درجہ بندی دی گئی ہے ادارہ برائے چارٹرڈ اکائونٹنٹس آف پاکستان کا جائزہ پروگرام۔ فرم اور اس کے تمام ساتھی انسٹی ٹیوٹ آف چارٹرڈ اکائونٹنٹس آف پاکستان کے ذریعہ ضابطہ اخلاق پر بین الاقوامی فیڈریشن آف اکائونٹنٹس کے رہنما اصولوں کی تعمیل کرتے ہیں اور وہ ایس ای سی پی ایکٹ 1997 کے سیکشن 361 کے تحت آڈٹ نگرانی بورڈ کے ساتھ رجسٹرڈ ہیں۔

قانونی آڈیٹرز نے نو کوئی فیصلہ سازی، داخلی آڈٹ یا انتظامی امور انجام دیئے اور نہ ہی کمپنی کے کسی ڈائریکٹرز یا ایگزیکٹوز کے ساتھ ان کا کسی بھی طرح کا رشتہ ہے۔ منگنی کے شراکت داروں کو ہر پانچ سال کی تکمیل کے بعد گھمایا گیا تھا۔

بورڈ آف ڈائریکٹرز نے میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکائونٹنٹس کو 30 جون 2021 کو ختم ہونے والے سال کے بیرونی آڈیٹر کی تقرری کی بھی سفارش کی اور آڈیٹرز کا معاوضہ سال 2020-21 کے لئے پی کے آر 100.00، 970.1 پر مقرر کیا گیا ہے کوڈ کے ضابطہ (3) 32 کے تحت بورڈ کو آڈٹ کمیٹی۔ تفویضات میں قانونی آڈٹ، ششماہی جائزہ اور کارپوریٹ گورننس جائزہ کا کوڈ شامل ہے۔

مادی تبدیلیاں اور وعدے

کمپنی کی مالی سال کے اختتام کے درمیان کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلی اور وعدے نہیں ہوئے جس سے بیلنس شیٹ سے متعلق ہے اور ڈائریکٹرز کی رپورٹ کی تاریخ

بورڈ آف ڈائریکٹرز کی منظوری سے قبل دو دنوں عبوری اور سالانہ مالی بیانات کا جائزہ لینے کے لئے ضابطہ اخلاق کی ضابطہ نمبر (2) 27 کی تعمیل میں باقاعدگی سے وقفوں پر آڈٹ کمیٹی کے اجلاس منعقد کیے گئے تھے۔ سی ایف او کے بغیر اور کسی دوسرے کے اندرونی آڈیٹر کے بغیر، سی ایف او اور بیرونی آڈیٹر کی موجودگی کے بغیر۔

ایک آڈٹ کمیٹی کمیٹی کے بورڈ آف ڈائریکٹرز کی ایک اہم آپریننگ کمیٹی ہے جو مالی رپورٹنگ اور انکشافات کی نگرانی کرنے کی ذمہ داری سنبھالتی ہے، اس بات کا یقین دلاتے ہوئے کہ کمیٹی کے اعضاء کی مناسب حفاظت کی جائے، عبوری اور سالانہ مالی بیانات کی توثیق کی جائے، متعلقہ پارٹی لین دین کی منظوری دی جائے، نظم و نسق کا جائزہ لیا جائے، داخلی کنٹرولوں کی تاثیر کو یقینی بنانا، جعلی سرگرمیوں پر تفتیش اور رپورٹنگ، اکائونٹنگ پالیسیوں کی نگرانی، کسی بھی بیرونی آڈیٹر کی نگرانی، ریگولیشنز کی تعمیل اور انتظامیہ کے ساتھ رسک مینجمنٹ پالیسیوں پر گفتگو۔

آڈٹ کمیٹیوں کی کمیٹی کے چیف فنانشل آفیسر (سی ایف او) اور اندرونی آڈٹ کے سربراہ کے ساتھ بات چیت برقرار رکھتی ہیں۔ کمیٹی کو یہ اختیار بھی حاصل ہے کہ وہ ان معاملات میں خصوصی تحقیقات کا آغاز کرے جہاں یہ طے کیا جاتا ہے کہ اکائونٹنگ کے عمل مشکوک یا مشتبہ ہیں اور اندرونی آڈیٹر کمیٹی کو اس طرح کی کوششوں میں معاونت کرتا ہے

انسانی وسائل اور معاوضہ کمیٹی

Sr	Name	Designation	Category
i	Iqbal Mehboob	Chairman	Independent Director
ii	Mohammad Shaheen	Member	Non- Executive Director
iii	Hamza Shakeel	Member	Non- Executive Director

ہیومن ریسورس اینڈ ایڈمنسٹریشن کمیٹی (ایچ آر آر سی) تین ممبروں پر مشتمل ہے جن میں سے سبھی نان ایگزیکٹو ڈائریکٹر ہیں جبکہ چیئر مین آزاد ڈائریکٹر ہیں۔ HRRC معاوضے اور فوائد سے متعلق کسی بھی قانون ساز رہنما خطوط کی تعمیل کا جائزہ لے، ملازمت، مزدوری اور انسانی حقوق سے متعلق قانون سازی کی تعمیل کا جائزہ لے۔

بورڈ آف ڈائریکٹرز کی جانب سے ایچ آر آر سی کمیٹی کی انسانی وسائل کی پالیسیاں، منصوبے، اور طریقہ کار کی نگرانی اور انتظامیہ، بورڈ کی منظوری کے لئے جائزہ، منظوری، یا تجویز، ایگزیکٹوز، ڈائریکٹرز، کمیٹی ممبروں اور دیگر کے منصفانہ اور مسابقتی معاوضے سے متعلق فیصلے اہم اہلکار۔

کارپوریٹ سماجی ذمہ داری کی پالیسی

کمیٹی معاشرے کے بارے میں اپنے فرض کو ماکان یا اسٹاک ہولڈرز پر ان کی معاشی ذمہ داریوں سے بالاتر اور قانون یا معاہدے کے ذریعہ مقرر کردہ ذمہ داریوں سے بالاتر سمجھتی ہے۔ یہ ان کی سرگرمیوں سے متاثرہ بیرونی گروہوں کے بارے میں گہری تشویش کا باعث ہے اور خام مال کی خریداری سے لے کر مینوفیکچرنگ تک ملنا لوجی اور ضائع ہونے والے کچرے تک پیداوار کے ہر مرحلے پر ماحولیاتی تحفظ کے لئے مناسب غور کیا گیا ہے۔

وبائی صورتحال سے دوچار ہونے کے ساتھ، کمیٹی ان لوگوں کو انسان دوستی کے عطیات میں کافی ذمہ دار رہی ہے جنہیں امداد کی اشد ضرورت تھی۔ مزید برآں، ایسے پروگرام بنائے گئے ہیں جو ملازمین کو کام اور ذاتی زندگی کے تقاضوں میں توازن قائم کرنے میں مدد دیتے ہیں اور ملازمت پر زیادہ مطمئن اور نتیجہ خیز بننے میں جس کے نتیجے میں کاروبار میں کمی واقع ہوتی ہے، ملازمین کے حوصلے بڑھ جاتے ہیں۔

کمیٹی فضلاء ضائع کرنے، ری سائیکلنگ، توانائی کے تحفظ اور ماحول دوست تکنیک کے استعمال اور آگاہی پیدا کرنے کے لئے باقاعدگی سے وقفوں سے جنگلات کی کٹائی کے سفر کا انتظام کر کے قدرتی ماحول کو برقرار رکھنے کو یقینی بناتی ہے۔

صحت، حفاظت اور ماحولیاتی پالیسی

چونکہ کوویڈ 19 کا وبائی پھیل گیا ہے اور وائرس کے تیزی سے پھیلانے پوری دنیا میں خطرے کی گھنٹی بیدار کر دی ہے اور پاکستان اس وبائی صورتحال سے بھی مستثنی نہیں ہے۔ کمیٹی ملازمین کی صحت اور حفاظت کے لئے پرعزم ہے اور اس وائرس کے اثرات کو کم سے کم کرنے کے لئے حکومت اور ڈبلیو ایچ او کی طرف سے جاری کردہ ہدایات پر سختی سے عمل کرے گی۔

ان مشکل اوقات کے دوران، کمیٹی نے اپنے ملازمین کو گھر سے کام کرنے کی اجازت دے کر، باقاعدگی سے وقفوں سے احاطے کی جراثیم کشی کا بندوبست کر کے، ملازمین کے لئے وائرس کا مفت معائنہ کرایا، وائرس سے متاثرہ افراد کو تنخواہ کے ساتھ رخصت کی اجازت دے کر، پگھلا کر کی اجازت دے کر حفاظتی اقدامات کو یقینی بنایا۔ اور کام کے اوقات کو مختصر کریں، چہرے کے ماسک فراہم کریں اور کام کی جگہ پر مناسب صفائی کریں۔

وبائی مرض کے دوران بہت سے چیلینجز میں سے ایک یہ ہے کہ قانون اور دیگر ضابطہ کار اند نظاموں کی تعمیل میں مناسب فیصلہ سازی کے ساتھ روزانہ کی سرگرمیوں کا تسلسل یقینی بنانا ہے۔ اس سلسلے میں کمیٹی

Name of Directors	Board of Directors		Committees			
			Audit		Human Resource and Remuneration	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr. Mohammad Salim	4	4	-	-	-	-
Mr. Mohammad Shaheen	4	4	-	-	1	1
Mr. Khurum Salim	4	4	6	6	-	-
Mr. Bilal Sharif	4	4	-	-	-	-
Mr. Mohammad Amin	4	4	6	6	-	-
Mr. Hamza Shakeel	4	4	-	-	1	1
Mr. Iqbal Mehboob	4	4	6	6	1	1
Mr. Asif Elahi	4	4				
Mr. Mustafa Tanvir	4	4				
Mrs. Fatima Amin	2	2				
Mrs. Mariam Adil	2	2				

کمپنی کے ایکٹ 2017 کے سیکشن (3) 155 کی دفعات کے تحت 26 فروری 2020 کو منعقدہ اجلاس میں ڈائریکٹرز نے باقاعدگی سے اس عہدے پر خلا پیدا کیا۔ مسز فاطمہ امین کو عہدے سے باہر ہونے والے نان ایگزیکٹو ڈائریکٹر مسز مریم اڈمی کی جگہ پر عہدے سے خالی آسامیاں پر کرنے کے لئے نان ایگزیکٹو ڈائریکٹر مقرر کیا گیا ہے۔ ضابطہ نمبر 34 کے تحت مطلوبہ طور پر دس (10) ڈائریکٹرز کا بورڈ مندرجہ ذیل ہے

حساب کتاب کا گروہ یا لوگ

Sr	Name	Designation	Category
i	Khurum Salim	Member	Non- Executive Director
ii	Muhammad Amin	Member	Non- Executive Director
iii	Iqbal Mehboob	Chairman	Independent Director

آڈٹ کمیٹی میں تین اراکین پر مشتمل ہے جس میں چیئرمین آزاد ڈائریکٹر ہیں جبکہ دیگر تمام نان ایگزیکٹو ڈائریکٹر ہیں اور بورڈ آف ڈائریکٹرز کے مقرر کردہ حوالہ کی شرائط کے تحت اپنی ذمہ داریوں کو نبھاتے ہیں۔

مالی خواندگی والے اہل ممبر کی تقرری ضابطہ نمبر (iii) (1) 27 کے مطابق ضابطہ کے باب X میں کی گئی ہے۔

ساتھ تفویض کیا گیا ہے۔

cept کوڈ آف کارپوریشن گورننس ریگولیشنز، 2019 کے تحت، کمپنی کے تمام ڈائریکٹرز کو ڈائریکٹرز ٹریننگ پروگرام (ڈی ٹی پی) کے تحت منظور شدہ / چھوٹ دی جاتی ہے۔ resource انسانی وسائل، سیٹی بنانے والا خریداری، اسٹیک ہولڈرز کے ساتھ مواصلات کا طریقہ کار، ماحولیات، صحت اور حفاظت، ڈائریکٹر کا معاوضہ، اینٹی منی لانڈرنگ اور رسک مینجمنٹ وغیرہ سے متعلق اہم پالیسیوں کا صحیح اپ ڈیٹ ریکارڈ موجود ہے۔

Corporate کوڈ آف کارپوریشن اینڈ گورننس ایکٹ 2017 کی ضرورت کے مطابق، ہم نے اس رپورٹ میں درج ذیل معلومات کو شامل کیا ہے۔
o حصص یافتگی کے انداز کا بیان الگ سے دیا گیا ہے۔

o متعلقہ اقدامات اور متعلقہ افراد کے ذریعہ رکھے ہوئے حصص کا بیان۔

o بورڈ کے اجلاسوں کا بیان اور سال کے دوران منعقدہ سالانہ عمومی اجلاس اور ہر ڈائریکٹر کی حاضری کو الگ سے دیا گیا ہے۔

o کمپنیوں ایکٹ کی دفعہ (4) 192 کی دفعات کے تحت چیئر مین جازرہ رپورٹ۔

o تقیل کے بیان پر ضابطہ اخلاق کے ضابطہ 36 کے تحت چیئر مین کے ذریعہ دستخط کریں۔

last گذشتہ چھ سالوں سے اہم آپریٹنگ اور مالی اعداد و شمار۔ منسلک آڈٹ مالیاتی بیانات میں ٹیکسوں اور محصولات کے بارے میں معلومات کا کافی حد تک انکشاف کیا گیا تھا۔

sted کمپنی درج کمپنیوں کے اندرونی کاروبار کی ممانعت کے بارے میں ایس ای سی پی کی طرف سے جاری کردہ رہنما خطوط پر سختی سے عمل کرتی ہے اور کمپنی کے حصص میں کوئی ٹریڈنگ اس کے ڈائریکٹرز ہی ای او، سی ایف او، کمپنی سیکریٹری، ہیڈ آف انٹرنل آڈٹ اور ان کے شریک حیات اور نابالغ بچوں نے نہیں کی تھی۔ حصص یافتگی کے انداز میں انکشاف کیا۔

شیئر ہولڈنگ کا نمونہ

شیئر ہولڈنگ کا نمونہ اور حصص یافتگی کے انداز کے بارے میں اضافی معلومات الگ الگ منسلک ہیں۔

متعلقہ پارٹی

سیکرٹری اینڈ ایگزیکٹو کمیشن آف پاکستان کی جانب سے ایس آر او 2018 (1) 768 کے ذریعے جاری کردہ نوٹیفیکیشن کے تحت پارٹی سے متعلق تمام لین دین) آر پی ٹی (کے لئے ایک مضبوط پالیسی موجود ہے اور لین دین کے سلسلے میں کمپنی پالیسی میں دستور سازی کو مستقل طور پر شامل کیا گیا ہے۔ اور ریکارڈ کی بحالی۔

بورڈ کی تشکیص

Sr No	Category	Gender		Total
		Male	Female	
(i)	Independent Directors	3	0	3
(ii)	Executive Director	1	0	1
(ii)	Non- Executive Directors	5	1	6

کمپنی نے بورڈ کی کارکردگی، بورڈ کے ممبران اور اس کی کمیٹی کے ممبروں کے جائزہ لینے کے لئے ضابطہ اخلاق (v) (3) 10 کی تقیل میں داخلی طور پر بورڈ کی تشکیصی کارروائی کا انتخاب کیا ہے۔

قانونی دستاویزات، بورڈ اور کمیٹی کے اجلاسوں کے منٹ، اس وقت موجود پالیسیاں اور دیگر ذیلی دستاویزات، سوالنامے، بورڈ اور کمیٹی ممبروں کے ساتھ بات چیت کے بارے میں ایک جامع جائزہ لیا گیا

ہے۔

معیشت میں اہم کردار ادا کیا ہے۔ کپاس کی کاشت کے بارے میں بے حسی کے نتیجے میں نہ صرف پیداوار میں ہندرتج کمی واقع ہوئی اور کسانوں کی حوصلہ شکنی ہوئی بلکہ ٹیکسٹائل کی صنعت اور برآمد کو بھی متاثر کیا۔

دنیا سے جدید ترین ترقی کی بنیاد پر ہمارے زرعی شعبے کو جدید بنانے کے لئے غیر ملکی مہارت اور تجربے کی طرف راغب کرنے کے لئے فوری اقدام کی ضرورت ہے۔
آخر میں ہمیں کپاس کی پیداوار میں اضافہ کرنے کے لئے زرعی تحقیق میں زیادہ توجہ دینے اور زیادہ سرمایہ کاری کرنے کی ضرورت ہے جو ملک کی معیشت کی ایک بنیادی بنیاد ہے

فائنٹنگ یونٹ

اللہ تعالیٰ کے فضل و کرم سے 95 than سے زیادہ مشینری قائم خط کے اعتبار سے پہنچ چکی ہے۔ بد قسمتی سے، دنیا بھر میں COVID 19 وبائی وبا کے پھیلنے اور فلائٹ معطلی نے پودے اور مشینری کے کھڑے ہونے کے عمل کو عارضی طور پر رکا وٹ بنایا۔ تاہم، فی الحال پلانٹ اور مشینری کی کھدائی کا کام زوروں پر ہے اور ہم توقع کر رہے ہیں کہ جنوری 2021 تک اپنی تجارتی پیداوار کا آغاز کریں گے۔
2014 میں جی ایس پی پلس کی گرانٹ کے بعد سے، یورپی یونین کو پاکستان کی برآمدات 2013 میں 4.538 بلین یورو سے بڑھ کر 2019 میں 7.492 بلین یورو ہو گئیں، جس میں 65 فیصد کا اضافہ ریکارڈ کیا گیا ہے اور حال ہی میں یورپی کمیشن نے 2022 تک جی ایس پی پلس کی حیثیت میں توسیع کر دی ہے جس کا مطلب ہے کہ پاکستان یورپی یونین کے ممالک کو اپنی برآمدات پر جی ایس پی پلس کے تحت ترجیحات سے لطف اٹھائیں گے۔

اس کے علاوہ، پاکستان میں کورونا وائرس وبائی مرض کم ہو رہا ہے جبکہ یہ بھارت اور بنگلہ دیش میں بلا روک ٹوک پھیل رہا ہے، بین الاقوامی منڈیوں سے ملبوسات کے آرڈر تیزی سے پاکستان کی طرف بڑھ رہے ہیں۔

ہمارے فائنٹنگ یونٹ پروجیکٹ کا ایک حصہ ہونے کے ناطے، ہم نے احاطے میں قریب 200 تیز رفتار صحت سے متعلق سلائی مشینیں بھی لگائیں ہیں جو 600 مشینوں تک قابل توقع ہو سکتی ہیں کیونکہ ہم جی ایس پی + کی حیثیت میں حالیہ توسیع کے تناظر میں ترقی کی امید کر رہے ہیں۔

کارپوریٹ گورننس کے کوڈ کی تعمیل

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل کا بیان جوڑا گیا ہے۔

کارپوریٹ اور مالی رپورٹنگ کے فریم ورک پر بیان

آپ کی کمپنی کے ڈائریکٹرز کی کمیٹی ایکٹ 2017، کوڈ کارپوریٹ گورننس ریگولیشنز "2019 کوڈ" کے تحت قواعد، پاکستان اسٹاک ایکسچینج لمیٹڈ کے رول بک اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ذریعہ جاری کردہ ہدایات کے تحت اپنی ذمہ داریوں سے آگاہ ہیں۔ ریگولیشنز کی تعمیل کے ایک حصے کے طور پر، ہم درج ذیل کی تصدیق کرتے ہیں:

financial کمپنی کے انتظام کے ذریعہ تیار کردہ یہ مالی بیانات، اس کی امور کی منصفانہ حیثیت، اس کی کارروائیوں، نقد بہا اور ایکویٹی میں تبدیلیوں کا نتیجہ پیش کرتے ہیں۔

company کمپنی کے اکاؤنٹ کی مناسب کتابیں برقرار رکھی گئی ہیں۔

statements مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔

statements بین الاقوامی مالیاتی رپورٹنگ معیارات، جیسا کہ پاکستان میں قابل اطلاق ہیں، مالی بیانات کی تیاری میں عمل کیا گیا ہے۔

internal اندرونی کنٹرول کا نظام ڈیزائن کے مطابق تھا اور اس کو موثر انداز میں نافذ اور نگرانی کی جا رہی ہے۔

going کمپنی کی تشویش کی حیثیت سے جاری رکھنے کی اہلیت پر کوئی خاص شبہات نہیں تھے۔

corporate کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی مادی طور پر خصلتی نہیں ہوئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے۔

ہم نے ڈائریکٹرز اور ملازمین کے مابین ایک ضابطہ اخلاق اور کاروباری حکمت عملی تیار کی ہے اور اس کی گردش کی ہے۔

Direct بورڈ آف ڈائریکٹرز نے ایک ڈون اور مشن بیان اور کارپوریٹ حکمت عملی کی مجموعی وضاحت کو اپنایا ہے۔

تمام ڈائریکٹرز اس کے عمومی اجلاس میں شریک ہوئے ہیں جب تک کہ معقول وجوہ کی بنا پر تعطل نہ کیا جائے۔

Corporate تمام ڈائریکٹرز کو کوڈ آف کارپوریٹ گورننس کمیٹی ایکٹ اور آرٹیکل آف ایسوسی ایشن کے مطابق اپنی شرائط کے آغاز پر اپنی ذمہ داریوں، کردار، معاوضے، اختیارات اور ذمہ داری کے

کرپٹ ریٹنگ

122 اپریل 2020 کو A / A-1 سنگل A / A-One کی حتمی درجہ بندی کمپنی کو Messers JCR-VIS کی درجہ بندی کمپنی نے تفویض کردی ہے۔ تفویض کردہ درجہ بندی کو "درجہ بندی دیکھنا - ترقی پذیر" حیثیت پر رکھا گیا ہے۔

مالیاتی گوشوارے

کمپنیز ایکٹ 2017 کے تحت ضرورت کے مطابق، پی ایس ایکس کے درج ذیل قواعد و ضوابط اور ایس ای سی پی کے ذریعہ جاری کردہ ہدایات چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر نے 30 جون 2020 کو ختم ہونے والے سال کے لئے کمپنی کے مالی بیانات پیش کیے، جن کی باقاعدہ طور پر ان کے اپنے دستخطوں کے تحت توثیق کی گئی، جاری اور گردش کے لئے بورڈ آف ڈائریکٹرز کی منظوری اور اجازت۔

کمپنی کے مالی بیانات کمپنی کے آڈیٹرز، مشتاق اینڈ کمپنی، چارٹرڈ اکائونٹنٹس کے ذریعہ باقاعدگی سے آڈٹ کیے گئے ہیں اور آڈیٹرز نے 30 جون 2020 کو ختم ہونے والے مالی بیانات کے بارے میں کلیئر آڈٹ رپورٹ جاری کی ہے اور بیان کے ضابطے سے متعلق صاف جائزہ رپورٹ جاری کی ہے۔ کارپوریٹ گورننس ریگولیشنز، 2019 کا "کوڈ" - یہ رپورٹیں مالی بیانات کے ساتھ منسلک ہیں۔

اکائونٹنگ معیارات

کمپنی کی اکائونٹنگ پالیسیاں کمپنیز ایکٹ، 2017 اور اس طرح کے منظور شدہ بین الاقوامی اکائونٹنگ معیارات اور بین الاقوامی مالیاتی رپورٹنگ معیارات کی ضروریات کو پوری طرح سے ظاہر کرتی ہیں جنہیں اس ایکٹ کے تحت مطلع کیا گیا ہے اور ساتھ ہی ساتھ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ ہدایات کے ذریعے بھی۔

پاکستان میں بیکسٹائل انڈسٹری کا آٹ لک

پاکستان دنیا میں کپاس کا پانچواں بڑا ملک ہے اور روئی کی مصنوعات ملک کی زرمبادلہ کی کمائی میں 50 فیصد سے زیادہ ہے۔ تاہم، سوئی کے بیج کے معیار کو نسبتاً over نظر انداز کیا جاتا ہے کیونکہ فاسبر کی پیداوار اور روئی کی پیداوار کے معیار پر غور نہیں کیا جاتا ہے حالانکہ یہ مارکیٹ میں اعلیٰ قیمتیں لانے کے لئے اہم اہمیت رکھتے ہیں۔

پاکستان کو 2019-20 فصل کے ہدف سے چھ ملین گانٹھوں کی کمی تھی جو تقریباً 6 \$ ارب ڈالر کے مالی نقصان کے برابر ہے۔ پچھلے پانچ سالوں میں زیر کاشت رقبہ میں 12 فیصد اضافہ ہوا ہے۔ 2019-20 کے دوران، 2.5 ملین ہیکٹر کے رقبے پر کاشت 2.9 ملین ہیکٹر کے ہدف کے مقابلہ میں کی جائے گی جبکہ آنے والے سیزن میں 12.72 ملین گانٹھوں کی پیداوار ہوگی۔ کاشت کار بہتر تغذیات کے لئے کپاس کی کاشت کے تحت رقبہ کو دوسری فصلوں کے ساتھ تبدیل کر رہے ہیں، خاص کر پنجاب میں جو کپاس کے کل رقبے کا 65 فیصد حصہ ڈالتے ہیں۔

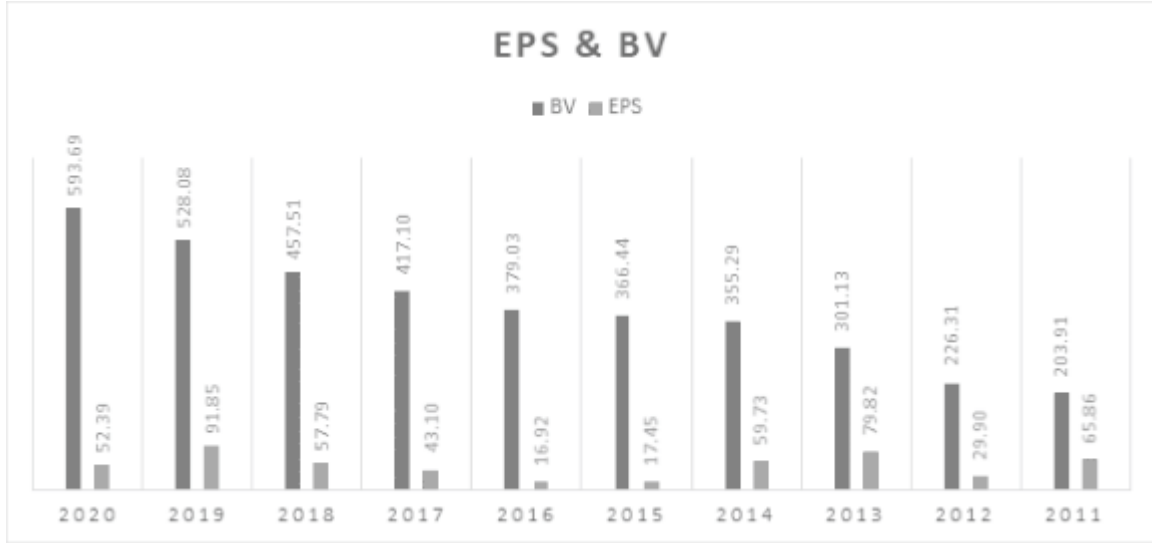
دوسری طرف، بیجوں کا معیار ایک اعلیٰ پیداوار کی طرف ایک راستہ پیدا کرتا ہے لیکن اچھے quality معیار کی روئی کی عدم فراہمی کمزور انٹرن اور فصلوں کے کھڑے ہونے میں ناکامی کی سب سے بڑی وجہ ہے۔ کاشتکاروں نے ناقص معیاری بیجوں کی فی ایکڑ 10 کلوگرام سے زیادہ بیجوں کی اعلیٰ شرح کا استعمال کیا ہے جس سے صرف ان پٹ لاگت میں اضافہ ہوتا ہے جبکہ کھیتوں میں پودوں کی کم آبادی ریکارڈ کی جاتی ہے۔ بیج کمپنیوں کی بیشتر کمپنیوں نے اس موسم میں اپنی پہلے سے رکھی ہوئی کپاس کی بیج فروخت کردی ہے کیونکہ ان کمپنیوں میں کپاس کے بیج کے ذخیرہ کرنے کا کوئی مناسب انفراسٹرکچر نہیں ہے۔

بارشوں کی وجہ سے تاخیر سے بونے میں تاخیر ہوئی، خاص طور پر مارچ میں، اور مئی 2020 میں مٹی کے حملے نے کپاس کی فصل کو بھی متاثر کیا۔

اس وقت، کسان بی ٹی کاٹن (GMO) کا استعمال کرتے ہیں جو جینیاتی طور پر تبدیل شدہ کیڑوں سے بچنے والے پلانٹ کی روئی کی قسم ہے، جو بولی کیڑے سے لڑنے کے لئے کیڑے مار دوا پیدا کرتا ہے۔ تاہم، بی ٹی کاٹن جو زیادہ تر ملک میں کاشت کیا جاتا ہے، پرانی نسل کی بیٹی پرانی ٹیکنالوجی پر مبنی ہے جس کے خلاف کیڑوں نے مزاحمت کی ہے۔ پرانے، غیر موثر، اور کچھ معاملات میں ملاوٹ شدہ، بی ٹی روئی پر کیڑے مار دوائیوں نے کیڑوں میں مزاحمت پیدا کی ہے اور بڑے پیمانے پر ماحول دوست کیڑوں کی آبادی کو تباہ کر دیا ہے۔ کیڑے مار دوا کے بار بار استعمال سے کپاس کی پیداواری لاگت میں اضافہ ہوا ہے جو کاشتکاروں کے لئے ناقابل برداشت ہے۔

ہماری رائے میں، ہمیں جینیاتی طور پر مزاحم وسائل کے ساتھ اعلیٰ نسل بی ٹی ٹکنالوجی کو متعارف کرانے کے لئے اقدامات اٹھانا ہوں گے جس طرح کپاس کے بیجوں کی صنعت کو بچانے کے لئے جدید ممالک نے پہلے ہی تیسری نسل کی مصنوعات متعارف کروائی ہیں۔ اس کے علاوہ، کپاس کی فصل کی کم پیداوار کی بھی اعلیٰ درجہ حرارت بھی وجوہات ہیں لہذا اس سے زیادہ آب و ہوا سے لیس اقسام کی نشوونما کے ل cotton روئی کی افزائش کی حکمت عملی میں ایک نمونہ شفٹ ہونا چاہئے۔ دوسرا حل یہ ہے کہ جینیاتی طور پر بہتر پھیری کی جانے والی روئی کی اقسام (جی ایم او) جیسے بی ٹی کاٹن سے نامیاتی کپاس کی طرف جانا ہے جو کیڑوں سے کم حساس ہوتا ہے، پیداوار میں بہتری لاتا ہے اور بین الاقوامی سطح پر بہتر مارکیٹ قیمت اور قبولیت حاصل کرنے کا خطرہ ہے۔

حکومت کو کپاس کی پیداوار کے فروغ کے لئے کسانوں اور متعلقہ حکام کے مشورے سے ملک کی مجموعی پیداوار میں کپاس کی فصل کے حصہ کے ساتھ اقدامات کرنا چاہئے کیونکہ روئی کی فصل نے قومی



کمپنی نے شیئرز ہولڈرز کے تئیں اپنی پختہ وابستگی کا مظاہرہ کیا ہے حالانکہ فی حصص آمدنی پی کے آر 91.85 سے گھٹ کر 52.39 ہو گئی ہے لیکن حصص کی بریک اپ ویلیو سال 2019 میں پی کے آر 528.08 سے بڑھ کر رواں سال 30 جون 2020 کو پی کے آر 593.69 ہو گئی ہے۔

کیش فلو اسٹریٹجی

انتظامی حکمت عملی کو یہ کام کرنے کے لئے کام کرنے والے سرمائے کے اجزا کی نگرانی اور ان کے استعمال کے لئے ڈیزائن کیا گیا ہے تاکہ یہ یقین دلایا جاسکے کہ کمپنی اپنی مختصر مدت کی ذمہ داریوں کو پورا کرنے کے لئے کافی رقم کے بہا کو برقرار رکھتی ہے جو بیک وقت کمپنی کے حصص داروں کو زیادہ سے زیادہ فائدہ پہنچاتی ہے۔

اگرچہ رواں سال کے دوران موجودہ تناسب کو 2.40 سے 1.70 سے کم کر دیا گیا ہے لیکن پھر بھی اس کمپنی کی مالی خوبی کے واضح اشارے کو دکھایا گیا ہے اور کمپنی کی موجودہ ذمہ داری ادا کرنے کی صلاحیت میں انتہائی تسلی بخش سمجھا گیا ہے۔

رواں سال کے دوران کمپنی نے انکم ٹیکس کی مد میں قومی خزانے میں پی کے آر کو 169.815 ملین (2019: 160.308 ملین) کی ادائیگی کی جبکہ کمپنی کے قرض کی خدمت کے لئے ایک پی کے آر 202.697 ملین (2019: 253.171) ادا کیا۔ مزید برآں، کمپنی کے ذریعہ پی کے آر 331.345 ملین کی رقم حتمی اور عبوری نقد منافع کی طرف رواں سال کے دوران ادا کی گئی ہے۔

مالی بیعانہ

کمپنی اس طرح سے ایکویٹی اور قرض کے امتزاج کے ساتھ اپنے دارالحکومت کے ڈھانچے کا انتظام کرتی ہے جس سے حصص یافتگان کو زیادہ سے زیادہ قیمت مل جاتی ہے۔

طویل مدتی قرضہ 30 جون 2020 کو پی کے آر 4، 073.591 ملین کھڑا ہے جبکہ اسی مدت کے مقابلہ میں یہ پی کے آر 1، 478.484 ملین تھا، یہ اضافہ بنیادی طور پر نئے فائنلنگ پلانٹ کے borrow قرض سے ہے۔

جائزہ کے تحت اسی عرصے کے دوران 30 جون 2020 کو ختم ہونے والے اسی سال کے دوران حصص یافتگان کی ایکویٹی میں 12.42 فیصد کا اضافہ کیا گیا ہے جس میں پی کے آر 5، 280.827 ملین سے پی کے آر 5، 936.890 ملین تک کا اضافہ ہوا ہے۔

توازن، جدید کاری اور تبدیلی

ایک سال کے دوران، کمپنی نے پی ایم آر کی 279.014 ملین پی ایم آر کی لاگت کو دنیا بھر میں تکنیکی ترقی سے نمٹنے کے لئے پلانٹ اور مشینری، عمارت اور ساز و سامان کو جدید بنانے کے لے approximately تقریباً BM پی ایم آر کی مد میں لیا ہے۔ مذکورہ رقم کے علاوہ نئے فینٹنگ پونٹ کے لئے پراپرٹی، پلانٹ اور ساز و سامان پر پی کے آر 3، 414، 001 ملین کی ادائیگی کی گئی ہے۔

ہے۔

ڈائریکٹرز کی رپورٹ

ہم، فیصل اسپننگ ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز، کمپنی کے آڈٹ شدہ مالی بیانات پر سالانہ رپورٹ کے ساتھ ساتھ آڈیٹرز کے ساتھ 30 جون، 2020 کو ختم ہونے والے سال کی رپورٹ پیش کرنے پر خوش ہیں۔

	2020 Rupees	2019 Rupees
Sales	14,895,550,333	14,028,566,145
Cost of sales	13,485,266,980	12,144,528,218
Gross profit	1,410,283,353	1,884,037,927
Other income	46,257,142	30,479,561
Add: Share of profit from associated undertaking	78,625,942	117,478,502
Less: Selling, Admin, Finan & Other Expenses	844,791,186	929,623,922
Less: Profit before taxation	690,375,251	1,102,372,068
Taxation		
Current year	172,799,457	171,415,830
Prior year	-	(430,012)
Deferred	(6,303,327)	12,886,399
	166,496,130	183,872,217
Profit after taxation	523,879,121	918,499,851
Basic and diluted earnings per share	52.39	91.85

مالیاتی کارکردگی

30 جون 2020 کو ختم ہونے والے سال کے دوران، کمپنی نے پی کے آے آر 14، 895.550 ملین کی فروخت حاصل کی جبکہ اسی سال کے اسی سال کے دوران پی کے آے آر 14، 028.566 ملین کی فروخت میں 6.18 فیصد کا اضافہ ہوا تھا۔

30 جون، 2019: PKR 918,500 (2019: 2020 ملین) کو ختم ہوئے سال کے دوران کمپنی نے ٹیکس کے بعد 523.879 ملین ٹیکس وصول کرنے کے بعد منافع کمایا۔

ڈیویڈنڈ اینڈ ریزرو یوزمنٹس

کمپنی نے 30 جون 2019 کو ختم ہونے والے سابقہ سال کے لئے)) 185.00 پی کے آے آر 18.50 فی شیئر (کے سالانہ منافع کے علاوہ 31 دسمبر 2020 کو ختم ہونے والے نصف سال کے لئے)) 150.00 پی کے آے آر 15.00 فی شیئر (پر عبوری منافع ادا کیا ہے۔

چونکہ وبائی حالت کی صورتحال ابھی ختم نہیں ہوئی ہے اور کمپنی کے بہترین مفاد میں بورڈ آف ڈائریکٹرز اس بات پر متفق ہیں کہ منافع کا اعلان موجودہ سال کے لئے روکا جائے گا۔ آڈٹ کمیٹی کے ذریعہ تجویز کردہ اس تناظر میں، بورڈ آف ڈائریکٹرز نے فیصلہ کیا ہے کہ 30 جون 2020 کو ختم ہونے والے رواں سال کے لئے کوئی منافع کا اعلان نہیں کیا جائے گا۔

اس کے علاوہ، کمپنی نے کو بیڈ 19 کے مالی اثرات کو کم کرنے کے لئے اسٹیٹ بینک کی پیش کردہ ادائیگی ملازمین کی تنخواہوں کے لئے طویل مدتی قرضوں اور ری فنانسنگ اسکیم کے لئے پرنسپل کی التوا کا فائدہ اٹھایا ہے جس سے 2020 اور 2021 کے ل divide منافع کی ادائیگی پر بھی پابندی ہے۔

مزید یہ کہ، ڈائریکٹرز نے مستقبل میں کسی بھی غیر متوقع ہنگامی صورتحال کو پورا کرنے کے لئے پی کے آے آر 400.00 ملین کی رقم کو جنرل ریزرو میں منتقل کرنے کی تجویز پیش کی۔

حصص کی کمائی اور بریک اپ ویلیو

PROXY FORM

I/We _____
of _____
being a member of **FAISAL SPINNING MILLS LIMITED** and holder of _____
ordinary shares as per Share Register Folio No. _____ and/or CDC Participant
ID No. _____ and Sub Account No. _____ hereby appoint
Mr./Mrs./Miss _____ of _____ or failing
him/her _____ of _____ as my / our
our proxy to act on my/our behalf at the 35th Annual General Meeting of the Company to be held on
Tuesday 27th October, 2020 at 11:30 at Umer House, 23/1, Sector 23, S.M. Farooq Road,
Korangi Industrial Area, Karachi.

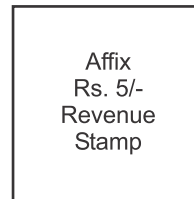
WITNESS

Signature _____

Name _____

Address _____

CNIC/Passport # _____



(Signature should agree with the
specimen signature registered
with the Company)

Signed this _____ day of _____ 2020

Notes:

If a member is unable to attend the meeting, they may complete and sign this form and sent it to the Company Secretary, **FAISAL SPINNING MILLS LIMITED**, Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. so as to reach not less than 48 hours before the time scheduled for holding the meeting.

- (i) The Proxy form shall be witnessed by a person whose name, address and CNIC/Passport number should be stated on the form.
- (ii) Attested copy of CNIC or the Passport of the beneficial owner alongwith the Proxy form should also be submitted.
- (iii) The Proxy nominee shall produce his / her original CNIC or original Passport at the time of the meeting.
- (iv) In case of a Corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature should be submitted (unless it has been provided earlier) along with Proxy form to the Company.

پرسی فارم

میں _____ کے _____
 کے رکن اور عام شیئر کے حامل کی حیثیت کے _____ (شیئرز کی تعداد)
 رجسٹرڈ کارڈ نمبر _____ اور ایسی ڈی سی فوئیو کا آئی ڈی نمبر _____ اور ذیلی اکاؤنٹ نمبر _____ کے
 یا _____ کے
 کو کمپنی کے سالانہ اجلاس جو 27 اکتوبر 2020 کو منعقد ہوگا، میں میرے / ہمارے لئے اور میری / ہماری طرف سے بحیثیت اپنا پر کسی، ووٹ دینے کے لئے نامزد کرتا ہوں / کرتے ہیں۔

دستخط _____ بروز _____ تاریخ _____ / _____ 2020 -

گواہان:

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹر انزومی شناختی کارڈ نمبر: _____

پاسپورٹ نمبر: _____

دستخط شیئر ہولڈر

(دستخط کا کمپنی میں رجسٹرڈ نمونے کے ہو، ہوم مطابق ہونا ضروری ہے)

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹر انزومی شناختی کارڈ نمبر: _____

پاسپورٹ نمبر: _____

نوٹ: نمائندے کو فعال بنانے کے لئے نامزدگی کا فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جانا چاہیے۔ نمائندے کو کمپنی کارکن ہونا ضروری نہیں۔
 سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے فرد افراد درخواست ہے کہ وہ اپنے کمپیوٹر انزومی شناختی کارڈ تصدیق شدہ نقل یا پاسپورٹ، پر کسی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔

REGISTERED OFFICE

Umer House, 23/1, Sector 23, S.M. Farooq Road,
Korangi Industrial Area, Karachi-74900, Pakistan

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E-mail : khioff@umergroup.com

Website : www.umergroup.com